

How international cities lead inclusive growth agendas

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How international cities lead inclusive growth agendas

by Anne Green, Erika Kispeter, Paul Sissons and Francesca Froy

Inclusive growth is a major issue in the UK and internationally. To generate ideas to influence UK city leaders, this research examined examples of international cities that have implemented policies to combine economic growth and social inclusion.

How international cities lead inclusive growth agendas

Anne Green, **Francesca Froy**, Erika Kispeter, Paul Sissons

Inclusive growth is a major issue in the UK and internationally. How do international cities lead inclusive growth agendas? To generate ideas to influence UK city leaders this research examined international examples of cities that have developed and implemented agendas and policies to combine economic growth and social inclusion.

The report shows:

- the labour market is a core focus for policy to connect growth and inclusion
- policies to shape the economy and labour demand, that are concerned with labour supply and supporting labour market engagement, and that create a well-functioning city are key elements of inclusive growth frameworks;
- some cities have focused on ensuring equality of labour market opportunity, while others have emphasised achieving equality of outcomes
- UK cities need to pay greater attention to the demand-side of the labour market, reduce risks from transitions into and within employment, and build connectivity to enable access to growth opportunities.
- good quality up-to-date data is central to understanding, analysing and evaluating issues and policies around economic growth and inclusion in cities
- approaches to governance vary across cities but evidence and experience suggests that strong leadership (often from a city mayor) and/or use of soft powers are important
- although UK cities have more limited local powers and responsibilities and less control over finances than many international cities, devolution opportunities and new policy developments mean there is scope for learning from inclusive growth policies from cities outside the UK.

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Executive summary

There is growing concern that economic growth in cities is not shared more equitably or necessarily associated with better poverty outcomes, leading commentators and policy-makers to try and identify more socially just forms of economic development, or inclusive growth. In the UK a relatively centralised system of governance and accountability means that there has been limited scope to date for policy-makers and city leaders to set bold new agendas to innovate in developing and implementing an inclusive growth agenda, but this is changing with devolution. This research aims to identify and review international examples of cities in Europe and the US that have developed an inclusive growth agenda, in order to generate evidence and ideas that can influence UK city leaders.

Background

Inclusive growth combines economic growth and labour market inclusion. It is subject to different interpretations, so an initial working definition of inclusive growth was taken from the Organisation for Economic Co-operation and Development (OECD):

“Economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society.”

A core focus of policy supporting inclusive growth is the labour market, as the mechanism through which to connect growth and inclusion. But inclusive growth concerns also encompass territorial cohesion, social wellbeing, issues of access and participation, and environmental sustainability.

The research addresses questions relating to the framing, design, implementation, impact and transferability of inclusive growth policies. It involved:

- an evidence review of the national and international academic and grey literature
- case studies of a selection of cities in Europe and the US, comprising a review of strategies and policies, plus consultation with key city stakeholders (see *separate case studies*)
- an international workshop and a study tour to three cities in Europe
- identification of general principles underlying inclusive growth and associated learning points for UK cities.
-

Parameters, drivers, framing, design and governance of inclusive growth policies

Inclusive growth can be conceptualised in a number of different ways. Some cities seek to *better distribute the benefits and opportunities associated with their current growth model* – for example by improving transport connections from more deprived areas to jobs. Others seek to *change the model* – for example working to increase the number of middle-skill quality jobs in the labour market.

Across the case study cities *drivers* of inclusive growth approaches included one or more of:

- the vision of the mayor
- bottom-up community activism
- a common sense of solidarity born of crisis
- a drive to reduce welfare costs.

The case study cities framed their approaches in different ways. Some focused more on generating greater equality within the labour market. Others focused more on health and wellbeing, and ‘making poverty matter less’ through designing broadly accessible city services.

The approaches to governance also varied. Some cities have developed comprehensive overarching strategies, while others are building more flexible cross-sector alliances around particular initiatives.

Many approaches are relatively long-term, with some cities actively anticipating and preparing for future change, while others focus on investing in their youngest residents in order to reduce levels of exclusion. Inclusive growth approaches often involve extensive consultation and broad partnerships, with the mayor's office and/or the broader local authority often providing an important linking role, building taskforces to implement specific initiatives. Several of the case study cities were also attempting to forge new types of relationship with business and civil society.

Experience of implementation of inclusive growth policies: exemplar initiatives

Examples of inclusive growth policies are selected to illustrate cases of interesting or promising practice, across different elements of the policy framework, that other cities may wish to consider and learn from.

First, there are examples of policy initiatives on the demand side of the labour market concerned with shaping the economy and labour demand. These include:

- policies to influence the *sectoral structure of employment* – including through use of:
 - inward investment to create new jobs
 - broader approaches of promoting growth sectors or clusters as a means of shaping the structure of the economy to support city economic growth
- policies to *grow the quality of employment* through
 - jobs offering middle- and high-income jobs, coupled with associated supply-side policies to help link residents to quality employment opportunities
 - insertion of clauses regarding quality in procurement contracts/agreements
 - devising a 'prosperity planner' to define what constitutes a quality job and an adequate income, taking account of individuals' circumstances.

Second, there are numerous examples of policy initiatives on the supply-side of the labour market concerned with *labour supply and supporting labour market engagement*, notably focusing on skills development and addressing worklessness. These include:

- *pre-employment* initiatives, including:
 - development of integrated intensive services
 - promotion of social enterprise
 - early intervention initiatives, for example targeting pre-school children, in order to save greater costs later
- policies focusing on *employment entry*, including
 - adoption of social clauses regarding recruitment in procurement contracts
 - promotion of corporate social responsibility to support access to employment for disadvantaged groups
 - galvanising activity through anchor institutions
 - retargeting public employment services support
- policies related to *in-work progression* and *job quality*, notably:
 - career pathways initiatives – linking workers to jobs offering structured pathways for progression
- taking account of labour market changes, policies equipping individuals to *engage in the new labour market* and reap the benefits of growth, including through:
 - creating opportunities for engaging in the new task-based economy
 - developing 21st century skills.

Third, there are examples of policies to *build connectivity and create a well-functioning city* to enable individuals and areas to access growth opportunities through:

- *transport* policies, including:
 - through developing physical connections with areas of opportunity and taking account of temporal and spatial aspects of routing and pricing

- investing in *housing and jobs*, including through:
 - supporting physical accessibility to opportunity across cities, both through investing in public transport, and through promoting appropriate levels of urban density (densification)
- *tackling poverty and enhancing quality of life in particular neighbourhoods* by:
 - development of 'complete neighbourhoods' with easy and convenient access to essential goods and services
 - use of innovative mechanisms to improve local infrastructure
- *enhancing city functionality for a diverse citizenry* through
 - adoption of everyday design principles
 - use of smart technology and open data.

The examples underscore the centrality of the economy in inclusive growth. Strategies need to extend past sharing the benefits of growth to include reshaping such growth. There is also value in looking beyond the economic to include health, wellbeing and the quality of the built environment.

Data, evidence, monitoring and impact

Information derived from good quality, up-to-date data is central to understanding, analysing and monitoring a range of issues around economic growth and inclusion in cities. Data, often presented in the form of indicators, can be the basis on which: within cities 'epistemic communities' are formed, acceptance of the 'same set of facts' is grounded, and the need for change is articulated – inclusive growth strategies cannot be designed without such communities.

Access to data and information about their own environment is essential for citizens who want to participate in local decision-making in a meaningful way. Open data initiatives have the potential to empower citizens.

Data is also central to evaluating the progress and impact of inclusive growth initiatives and determining whether they have the desired effect on a neighbourhood or the city as a whole. It is important to note that challenges remain in sharing and interpreting data: inclusive growth strategies and associated policy initiatives are necessarily complex and context dependent.

Principles of inclusive growth and possibilities for action

Based on the review of the evidence, the research draws out 10 key principles for policy concerned with inclusive growth. The principles relate to economic growth as a means to achieve inclusion and shared prosperity, with growing and shaping the labour market combining a demand-led strategy to achieve high-quality jobs with links to labour supply as a central component, coupled with investment in good quality services so that poverty matters less. Further underpinning principles relate to innovation, leadership and citizen engagement, and ensuring economic development fundamentals are in place across geographical scales and policy domains.

Table 1: Ten principles of inclusive growth

| Category | Principle |
|---|---|
| Economic growth as a means to achieve inclusion and shared prosperity | See economic growth not as an end in itself but as a means to achieve inclusion and shared prosperity |
| Grow and shape the labour market – building quality labour demand | Be prepared to proactively shape the labour market and build quality jobs |
| Linking supply and demand: prioritising connectivity | Prioritise connectivity and expand social networks so that they are less exclusive |
| Investment in quality services | Make poverty matter less in access to good quality city services |
| Regarding people as assets and facilitate positive transitions | View people as assets and invest in them at the outset and at key points in their lives |

| | |
|---|--|
| | Providing support to people at key transition points in their lives, and helping to reduce the associated risks (for example, of coming off benefits) through providing social safety nets |
| Innovation, leadership and citizen engagement | Be prepared to innovate and create opportunities for shared leadership |
| | See citizen engagement as a way to generate knowledge from the bottom up |
| Economic development fundamentals, across spatial scales and policy domains | Get the fundamentals right (at national and local levels) |
| | Focus on small incremental changes as well as large 'flagship' schemes |

Possibilities for action at city level – whether currently (using existing powers at city level) and/or in the short-/medium-term future (including as more powers become available to cities) may be organised in accordance with these principles.

1 Introduction

This section outlines the background to developing concerns about inclusive growth and introduces the interpretation of the concept of inclusive growth. It sets out the rationale and aim of the study, the methodology adopted and the structure of the report.

Background and developing interest in inclusive growth

During the 1990s and 2000s a growing concern began to emerge about the scale and impacts of economic inequality, including in a number of countries in the developed world (for example see Frank, 2007; Wilkinson and Pickett, 2009). In the UK research has suggested that during the 2000s stronger economic growth in cities was not associated with better poverty outcomes (Lee et al, 2014). These concerns have been exacerbated by the global economic crisis, and across a range of countries the equity of the distribution of the gains from growth is becoming frequently expressed as an important issue (Resolution Foundation, 2012; OECD, 2014). This has led commentators and policy-makers to try and identify more socially just forms of economic development or inclusive growth. Indeed, in her first statement as the new UK Prime Minister in July 2016, in the wake of the socio-spatial divides revealed in the European Union referendum, Theresa May outlined her ambition to 'make Britain a country that works not for a privileged few, but for every one of us' (May, 2016).

Cities are coming to be seen as important actors in approaching inclusive growth (for example see OECD, 2016a). However, their powers are partial in some core policy areas which are likely to be important, particularly the tax and benefits system (albeit there are important differences across countries in city powers and arenas of responsibility). Therefore inclusive growth at city level is also likely to require a supportive national context.

While inclusive growth is now more regularly invoked as a label, the concept is subject to a number of different interpretations. A core focus of policy which might be understood as supporting inclusive growth is often given to the labour market as the mechanism through which to connect growth and inclusion, but concerns may also encompass territorial cohesion as well as non-economic concerns relating to social wellbeing and issues of access and participation. A comprehensive inclusive growth policy might therefore encompass a wide range of policy domains. These would include economic development, and employment and skills policy, and also potentially housing, health, transport, and physical and community development. Environmental sustainability should also be an important consideration. Reference is made in this study to all of these policy domains but the primary focus is on the labour market. This reflects the concerns with inclusive growth of local enterprise partnerships and combined authorities in England, as illustrated by the 'More Jobs, Better Jobs' Partnership in the Leeds City Region and the establishment of an Inclusive Growth Analysis Unit in Greater Manchester.

Rationale, aim and scope of the research

There is increasing concern about how to generate inclusive growth following the economic crisis. In the UK a relatively centralised system of governance and accountability means that there has been limited scope for policy-makers and city leaders to set bold new agendas to innovate in developing and implementing an inclusive growth agenda. But this is changing with the establishment of new local institutional structures and devolution of funding and greater responsibility to local areas to support economic growth, so providing potential opportunities for UK cities to lead, shape and implement inclusive growth strategies. This raises the issue of what UK cities may learn by drawing on experience of cities tackling similar opportunities and challenges elsewhere in Europe and in the US.

The *aim* of this research was to identify and review international examples of cities that have developed an inclusive growth agenda, in order to generate evidence and ideas that can influence UK city leaders.

The fact that the concept of inclusive growth is open to different interpretations, and that activities relevant to inclusive growth might not be badged or understood as such, presents challenges for the research, and the international context of the research exacerbates these. Hence a pragmatic position was taken on what constitutes inclusive growth, with the concept being interpreted broadly to

encompass both economic and social goals. The OECD understanding of inclusive growth was adopted at the outset of this study as a working definition:

“Economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society.”

Key questions relating to the inclusive growth agenda that the study aims to address, and which need addressing in order to develop inclusive growth in cities, relate to five dimensions:

- *Framing*: how is the inclusive growth agenda framed and an associated narrative developed as the agenda is communicated to a range of target audiences (eg city officials, national and local agencies, employers, residents)? Is the emphasis of strategy aimed at distributing gains from growth and/or on prioritising growth that has more inclusive outcomes?
- *Design*: how is strategy developed and associated policies designed, and what are the key barriers and opportunities shaping this?
- *Implementation*: what is the scope of overall programmes and projects? Which stakeholders are involved? How are programmes and projects resourced? What are the governance and partnership arrangements for policy delivery? What are the institutional drivers and barriers to more innovative policy delivery?
- *Impact*: how is ‘success’ conceptualised? What approaches are taken to monitoring and measuring success?
- *Transferability*: how does international learning translate to UK cities? What do the lessons mean for UK city leaders?

Methodology

The research comprised five strands:

1. *Evidence review* – of the national and international academic and grey literature, to assess what strategic approaches and policy activities have occurred across cities, and identification and assessment of emerging lessons and barriers to, and opportunities for, policies for inclusive growth.
2. *Selection of case study cities for more detailed study* – taking account of factors such as governance arrangements, fiscal autonomy, extent of devolution, strategy design, nature of programmes to support inclusive growth, economic and socio-demographic context, country, city size and performance on selected key indicators.
3. *Deep dives* – of a selection of case study cities (from Europe outside the UK, the US and the rest of the world), comprising a documentary review of strategies and other programme/policy documentation – including to ascertain conceptual frameworks and language/terminology used, and consultation with key city stakeholders on issues of framing, design, implementation and impact of inclusive growth strategies.
4. *Workshop and study tour* – comprising a discussion under the theme of ‘creative approaches to inclusive labour markets’ at an international workshop bringing together policy-makers, practitioners and academics, and a study tour with a small group of senior practitioners from cities in northern England to three cities in Europe (Helsinki, Malmö and Rotterdam).
5. *Synthesis and identification of learning points* – drawing on key findings from the evidence review, documentary analysis, data analysis and interviews.

This report, together with the case studies, brings together findings across these different strands. It provides a perspective across cities, while the city case studies provide a more in-depth view of issues, strategies and policies pertaining to inclusive growth in those cities.

Structure of the report

The remainder of the report is divided into six sections, as shown in Figure 1.

Section 2 presents the context for the research and selected themes and findings emerging from the evidence review and data analysis informing the study.

Section 3 is concerned with the different parameters and conceptual frameworks for inclusive growth policies and an analysis of the actual approaches taken in the case study cities. It identifies the drivers behind inclusive growth approaches in the case study cities, and analyses how these approaches were framed, designed and governed.

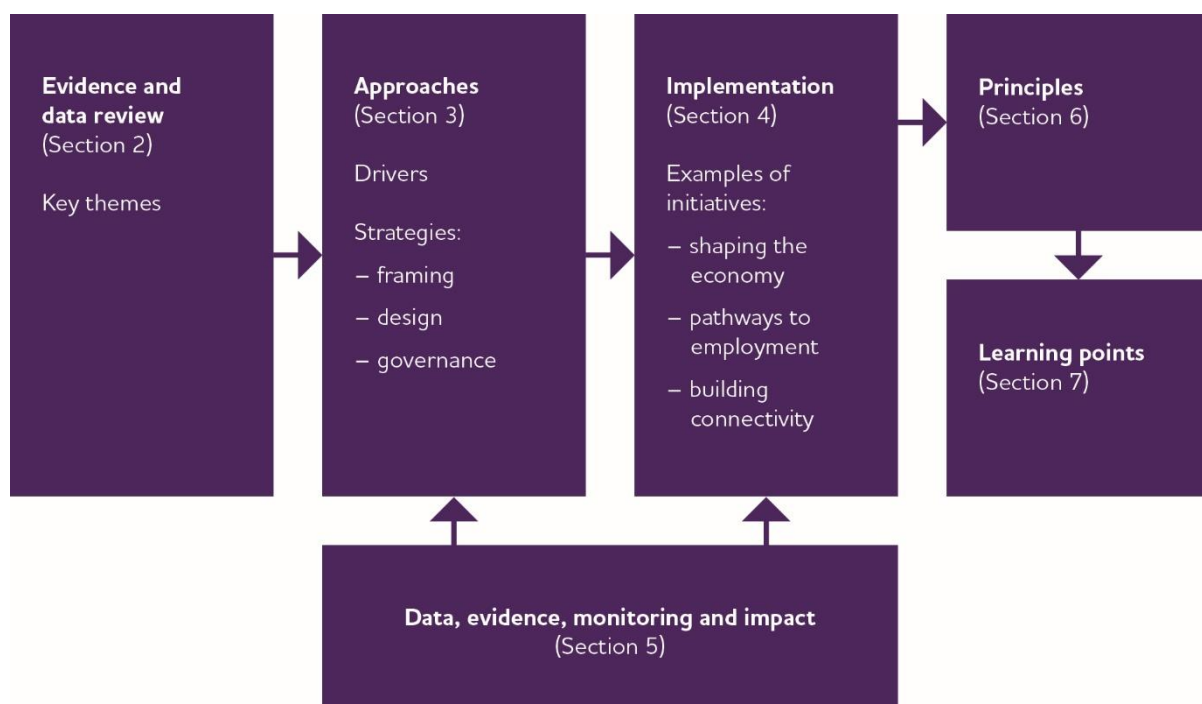
Section 4 showcases selected examples of initiatives related to inclusive growth implemented by the case study cities. The examples have been selected to illustrate interesting or promising practice that other cities may wish to consider and learn from, relating to welfare, the labour market and economic development, building connectivity, and making life easier in the city.

Section 5 outlines issues relating to the data and evidence underlying inclusive growth strategies and initiatives in the case study cities, and arrangements made for monitoring and assessing their impact.

Section 6 presents general principles of inclusive growth emerging from the review.

Section 7 highlights key learning points from the research for UK cities.

Figure 1: Structure of the report



2 Evidence and data review: key themes and selection of case study cities

This section sets out key themes from the initial review of evidence on inclusive growth and accompanying data analysis that informed the selection of case study cities. It identifies the case study cities chosen for more detailed review and analysis.

Evidence review: the concept of inclusive growth

Purpose and methodology

At the outset a review of the national and international academic and grey literature was done to review the nature and range of strategic approaches and policy activity across cities, and to identify and assess lessons, barriers to, and opportunities for, policies for inclusive growth. It was designed to

1

help inform selection of case study cities.

What is inclusive growth?

As noted in the introduction, the terminology around inclusive growth is quite inconsistent; there is not a well-defined common language or definition. There are different labels which are applied and which can have large areas of overlap but also differences. For example Lupton (2016) distinguishes between:

- *inclusive growth* models – focusing on distributing the dividends of growth more widely without challenging the dominant economic model or identifying it as the source of poverty or inequality and
- *inclusive economy* models – in which economic growth is not the only goal, but is rather seen as serving other inclusive social goals such as increased wellbeing, greater equality, etc.

Good growth is another label that is used, encompassing wellbeing alongside gross domestic product/gross value added (GDP/GVA), jobs, skills and income. From the US community wealth building is an approach that emphasises shared ownership and inclusive outcomes (Kelly and McKinley, 2015). Also from the US *all-in cities* are based on eight principles of equity. They:

“embrace inclusion and thrive on the participation, creativity and contributions of groups that have been left behind. ... All-in cities foster inclusive growth: implementing win-win policies and strategies that grow good jobs and new businesses critical to a thriving economy while ensuring that workers and entrepreneurs play a role in generating that growth and share equitably in its benefits.”

(Treuhaff, 2015)

Other concepts such as ‘*financial inclusion*’ have important overlaps with the concepts outlined here. Furthermore many cities will undertake actions which might be considered to be aimed at inclusive growth (and have done so for many years) but do not badge it as such.

A number of international organisations have developed their own understandings of inclusive growth (see Table 2). The European Commission stresses the roles of labour markets and social protection as constituting an important focus of inclusive growth, and also identifies territorial cohesion, therefore being concerned about both people and places. The OECD frames it as growth creating opportunities for citizens across society. The World Bank definition focuses more on productivity as a driver of income growth, while the United Nations also stresses the importance of participatory approaches given that inclusive growth may be conceptualised as a process as well as an outcome.

Table 2: Selected understandings of inclusive growth

| Organisation | Interpretation |
|--|--|
| European Commission – Europe 2020 Strategy | Emphasises empowering people through high levels of employment, skills development, investing in skills, modernising labour markets, training and social protection systems, and building social and territorial cohesion. |
| OECD | Economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society. |
| World Bank | Focuses on productive employment to generate new jobs and income (as opposed to redistribution) and foregrounds the role of productivity growth in raising wages. |
| United Nations Development Programme | Conceptualises inclusive growth as an outcome and a process – implying participation in decision-making and sharing the benefits of growth. |

Indicators for measuring inclusive growth

There are some challenges in operationalising indicators of inclusive growth, especially across countries.

Inclusive growth combines two factors: growth and labour market inclusion.

Growth

Growth can be determined in different ways, including economic growth and employment growth, and these may have different implications for inclusion outcomes (Lee et al, 2014). Typically the key measures used in studies of growth are:

- change in GDP – a standard measure of total (economic) growth
- change in GDP per capita – a measure of total (economic) growth divided by population size
- employment growth – the level of total employment growth in a city.

It is worth highlighting that national growth trajectories can differ significantly over any particular period, especially when (as recently) recovery from recession and the depth and impacts of austerity have been very uneven – within and also between countries. In recent years growth has been weak in many countries compared with pre-recession trend levels. International comparative data may also be somewhat dated because of the time lag in access to comparable statistics across countries.

Internationally growth measures are published by the OECD and Eurostat (which covers a larger number of European cities). The cities covered by the OECD data are primarily large cities, while the Eurostat data covers cities of a wider range of sizes. Data is also based on different definitions of city coverage – including cities, metropolitan areas and functional urban areas. All of these factors present challenges for comparative analysis. The timescale over which growth is measured is also an important factor; growth indicators measured over the short term may not capture longer term trajectories.

Labour market inclusion

Measures of the extent to which cities are becoming more inclusive are less comprehensive across both time and individual cities than measures of growth. At a basic level, labour market inclusion is most often assessed through reference to changes in the employment rate (with a high/increasing rate indicating labour market inclusion) and/or unemployment rates (with a low/decreasing rate signalling labour market inclusion). However, although helpful, the employment rate is a limited measure of inclusive growth as it says nothing about the quality of jobs individuals move into, or the level of growth in household incomes that occur as a result.

There is relatively little data which can extend a study of inclusion on a comprehensive and comparative basis. Data is published via Eurostat on some measures of wealth and also poverty risk.

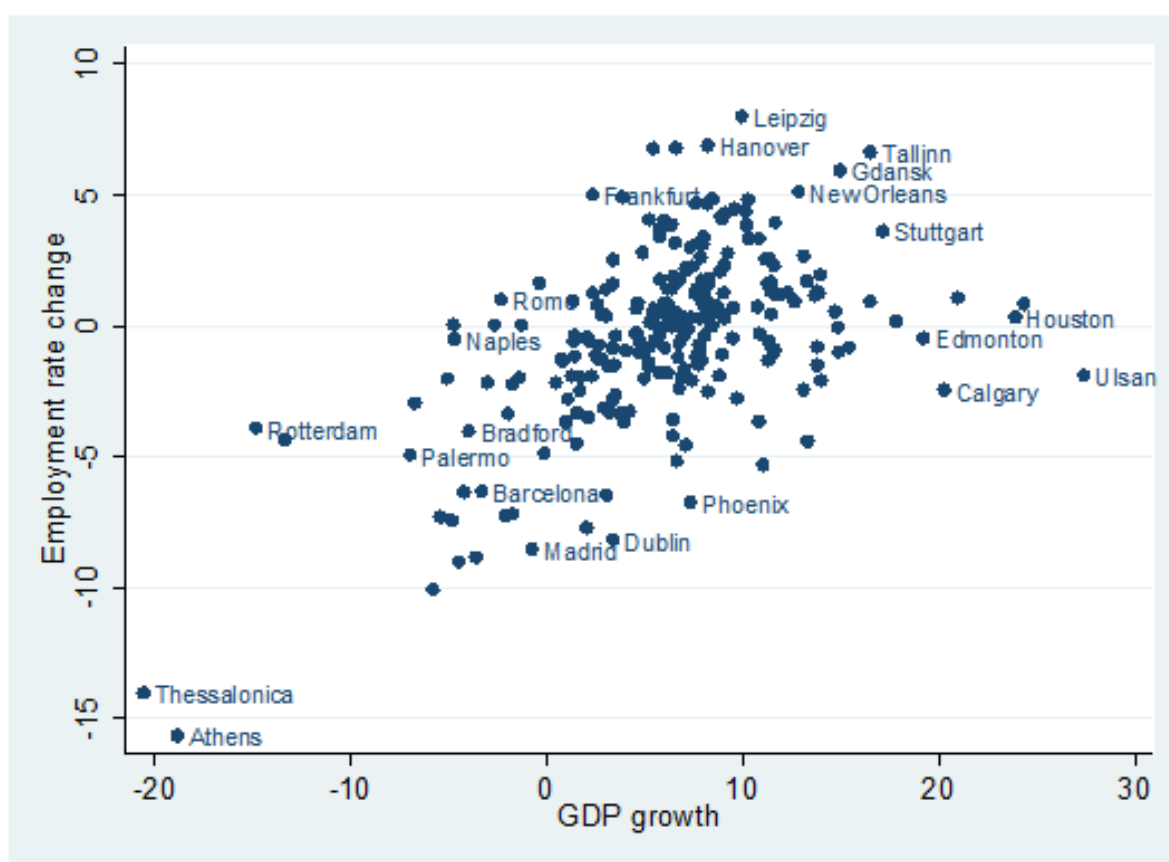
However the datasets are very sparsely populated, severely limiting the prospect of comparative analysis.

As in the case for growth indicators, when investigating performance variations in cities' inclusion indicators, national factors can be important determinants of variation in international comparisons. Moreover precise rankings of cities on change indicators can be quite sensitive to differences in the quality of underlying data, years covered, denominator definitions and city spatial coverage (ie size and definition of a city).

Considering growth and inclusion together

A simple measure of the relationship between one measure of growth (% GDP growth) and one measure of labour market inclusion (the employment rate) is presented in Figure 2. From the scatterplot there seems to be a relationship between growth and inclusion over this relatively short period, despite considerable heterogeneity: a number of cities can be identified which appear to attain high levels of growth as well as significant increases to the employment rate – although usual caveats around measurement apply when indicator estimates are based on sample survey data. Cities that seem to combine growth and increases to the employment rate include Leipzig, Hanover, Tallinn, Gdansk and New Orleans. Similar analyses undertaken by OECD (2016b) over a longer period, from 2000 to 2013, using GDP growth and change in labour participation rates as a proxy for inclusion, also show a positive association overall, but with different cities and regions experiencing rather different patterns of growth and prosperity. It should be noted that the patterns observed in part reflect the differential impacts of the global financial crisis on different cities. The GDP figures measure nominal change.

Figure 2: Relationship between employment rate change (2009–2013) and % GDP growth (2009–2012)



Source: OECD.Stat
Note: r-square value = 0.2750.

Selection of case study cities

The selection of case study cities was informed by the evidence review, consultations with OECD, URBACT, Eurocities and key experts from relevant organisations concerned with economic development and social inclusion issues, and with reference to the data analysis. Other factors taken into account were governance arrangements, fiscal autonomy, extent of devolution, strategy design, nature of programmes to support inclusive growth, economic and socio-demographic context, country and city size (with the emphasis being on cities that are comparable in size with larger UK cities outside London).

Table 3 lists the case study cities selected and provides a brief portrait of each. Together these cities cannot be considered as representative; rather they were selected on the basis of having relevant/good practices and experiences. They are indicative of the range of examples and approaches to, and policies for, inclusive growth at city level.

Table 3: Case study cities

| City | Key features |
|-------------------------|--|
| Barcelona (Spain) | A municipal company – <i>Barcelona Activa</i> – has responsibility for economic growth and social inclusion. A new employment strategy seeks to place employment at the centre of municipal policy, improve employability for all and develop territorial employment projects and service with the aim of reducing the median income gap and addressing the unemployment gap between neighbourhoods. |
| Hamburg (Germany) | In this rich and growing city economy there has been a strong focus on housing and integrated urban development. A new development close to the city centre (the HafenCity) is mixed use and environmentally friendly (carbon neutral). Residents have good access to the city centre through good public transport. Another key focus is on education: charges for early years education have been abolished and primary school class sizes restricted. |
| Helsinki (Finland) | Social equality is a shared value and a high level of social spending is financed through income tax. Since the 1990s Helsinki has faced challenges of immigration, growing unemployment and a need to promote enterprise. There is increasingly close co-operation between local authorities in the Helsinki Metropolitan Area, including around open data. Everyday design principles are integrated into many aspects of economic development. |
| Leipzig (Germany) | Leipzig has recently been cited as the 'new Berlin', as it hosts a growing number of creative or knowledge workers and artists. It has turned round dramatically given that it experienced major population decline as people went from the former East Germany to West Germany. The city has been successful in attracting new industries. Housing development and refurbishment and land management efforts have been successful. |
| Malmö (Sweden) | A former industrial city, Malmö's economy is now centred on knowledge-intensive industries: life sciences, IT and education. Following the financial and economic crisis priority has been given to inclusion of young people and immigrants. Strategy and policy is guided in part by the objectives of the Commission for a Socially Sustainable Malmö to reduce inequities in health by making the social determinants of health more equitable. |
| Nantes (France) | Nantes saw significant job losses following restructuring in shipbuilding but has since reinvented itself as a diverse economy supporting both manufacturing and strong digital, financial and business services sectors. It has innovatively used social clauses in public procurement for about 20 years, while also supporting labour market integration through social enterprise and fostering corporate social responsibility. |
| Rotterdam (Netherlands) | Rotterdam is characterised by prosperity in the north and poverty (particularly among immigrant groups) in the south. Policy interventions focus on education, labour market and housing initiatives, and climate adaptation measures to generate economic benefits. There is particular interest in providing space to experiment with new policy initiatives, especially around welfare and the changing nature of the labour market. |
| Cleveland (USA) | After suffering major industrial and population decline, Cleveland has seen a revitalisation of its industrial economy although problems of urban segregation remain. Anchor institutions (university and hospitals) have come together to support access to employment, to foster career progression and provide spin-offs for the local economy. Transport investment and service re-routing has been used to increase urban accessibility. |
| New York (USA) | The new mayor has developed a comprehensive strategy – <i>#OneNYC</i> – in close consultation with communities. Its aim is to help 800,000 New Yorkers out of poverty by 2025. It covers domains such as housing, health, crime and early years. An industrial policy has a sectoral focus and concentrates on bringing better-paid jobs – including manufacturing – into the city, and associated career ladders. |

| City | Key features |
|--------------------------|--|
| Portland (USA) | Social inclusion is embedded in economic development strategies. The Portland Development Commission takes a lead role. A key focus is on social and economic equity. A traditionally strong focus is on land use planning, with good transport systems and access to green space. There is a large knowledge economy and strong emphasis on education. An increasing minority population has led to a push for diversity in different sectors. |
| San Antonio (USA) | A 'majority minority' city previously characterised by conflict between the city government and community organisations. Project QUEST – which trains low wage workers for quality jobs – has a history of success and a strategy of targeting growth in globally competitive sectors has built on this. A recent initiative involves levying a sales tax to help fund pre-school education. 'SA2020' (a participatory visioning exercise) guides policy. |
| Medellin (Colombia) | Cities from South America, Asia and Africa with spatial development initiatives, focusing especially on public transport and housing – linking suburbs and people living in the urban sprawl to each other and to the 'urban core', so promoting residents' access to jobs and services and helping make the cities more sustainable economically and environmentally. Building connectivity helps enable peace building in Medellín and contributes to reducing racial and social segregation in Cape Town. |
| Seoul (South Korea) | |
| Cape Town (South Africa) | |

The city case studies are available as free downloads at www.jrf.org.uk. Each case study follows a common structure:

- *introduction*: covering geographical location, socio-demographic characteristics and key features of the local economy and labour market
- *governance*: positioning the city in the national, regional and local governance structure
- *strategy, vision and leadership*: setting out who leads strategy and city development projects, drivers of strategy, and framing and communication of strategy and associated policies
- *design, implementation, monitoring and impact*: outlining partners involved in design, implementation of strategies and associated policies, monitoring and policy assessment, and outcomes and impact
- *exemplar themes and initiatives*: identifying specific themes of interest to UK cities and showcasing of selected specific initiatives of relevance to inclusive growth
- *synthesis and conclusion*: summarising key points and lessons for UK cities.

3 Inclusive growth: approaches, drivers, framing, design and governance

This section explores the different parameters and conceptual frameworks for inclusive growth policies, before analysing the actual approaches taken in the case study cities. It identifies the drivers behind inclusive growth approaches in the case study cities, and analyses how these approaches are framed, designed and governed.

Approaches to inclusive growth

A number of different parameters relating to the way inclusive growth might be understood or framed can be identified. These are each discussed in turn. It is important to note that the understanding or framing is not necessarily a binary either/or; it can be a spectrum and may draw from different understandings simultaneously in different domains of policy.

The model of growth: A distinction can be made between the extent to which inclusive growth is premised on influencing the distribution of gains from the existing model of growth (ie making growth more inclusive), or whether the focus is on the model of growth itself and influencing the type of growth (sectors, occupations, etc) to attain more inclusive outcomes (as indicated in Section 2). In reality, the former is likely to be more widespread, although this does raise the issue of the ways in which inclusion policies interact with other policy domains such as industrial strategy, investment decisions and economic development.

Equality of opportunities and/or outcomes: An important distinction in the way inclusive growth policy is framed and operationalised is the extent to which inclusion is understood as greater equality in opportunities or greater equality in outcomes (Turok, 2010). There is generally wide-ranging support for the former from both a moral and an economic perspective, but there is less agreement on the latter (Turok, 2010). The types of policies which would focus on equality of opportunity are clearly somewhat different from those which might focus on equality of outcomes; in particular, redistributive policies are likely to be important in the latter. In the field of labour market policy, for example, mechanisms to ensure equality of opportunity might include tackling discrimination in recruitment and ensuring accessibility to jobs across the city. Mechanisms to ensure equality of outcomes might include ensuring that people receive fair recompense for the skills and effort they put in to the economy through, for example, living wage ordinances and the promotion of middle-skill/middle-wage jobs (see Figure 3).

Figure 3: Equality of opportunity and equality of outcomes approaches



Material gains and access to services: There is also a distinction between the extent to which inclusive growth policies prioritise monetary outcomes, broader wellbeing outcomes, or a mixture of these. Some approaches to inclusive growth might focus on income or self-sufficiency, being geared around linking to or increasing the benefits from employment. In other cases ensuring access to services might be an important aim in itself. This might also relate in part to how inclusive growth policies are targeted, and whether they focus on individuals or whether there is some type of spatial focus on disadvantaged communities or neighbourhoods.

Participatory decision-making and inclusion: The role of participation in inclusive growth is also an issue. The extent to which participation is felt to be an important feature of inclusive growth varies. One argument for greater participation is that understandings of what inclusive growth is may be different between policy-makers and citizens. Another is that power in decision-making processes is an intrinsic part of inclusion.

Framing the case for inclusive growth: There are several different imperatives used in framing inclusive growth. It can be framed in relation to a moral, social or civic case or in relation to an economic one or a combination of both.

Overall, it is clear that the concept of inclusive growth is subject to different definitions, and also that there are a number of aligned concepts and labels (or no label at all). What is considered inclusive growth might take on a different form of policy in different countries or cities. In policy terms there will often be a focus on the labour market, but other domains of policy such as health and housing are important in influencing wellbeing. The concept of inclusive growth is subject to various parameters which shape understanding and action. These reflect value judgements, political decisions, the role of participation and the broader opportunities, resources and constraints which structure cities' actions. Here it is salient to note that powers and resources available to cities tend to be more limited in the UK than in the case study cities reviewed in this report.

Drivers of inclusive growth strategies

Drawing on the case study analysis, there appear to be a number of different drivers for the development of inclusive growth strategies in particular cities (see Figure 4).

Figure 4: Drivers of inclusive growth



In some cases, a more inclusive strategic approach was driven by a new *mayor* coming into office. Hambleton (2014) identifies that democratically elected mayors in particular can go beyond pragmatically ‘getting things done’ to create new possibilities for action, shifting the ‘Overton window’ of the range of things that it is politically possible/publicly acceptable to do. In New York City, Mayor de Blasio based his election campaign on the argument that New York had become a tale of two cities – with two very different lived experiences for the rich and the poor. Once in office he made it a key aim to bring these cities back together with his #OneNYC strategy, which incorporates an ambitious set of policies across a number of different sectors including industrial strategy, housing, education, workforce development and environmental policy. Elsewhere strong mayoral leadership has played an important role in transforming the approaches of Medellin in Colombia, Hamburg in Germany and San Antonio in the US (see Box 1).

Box 1: Leadership as a driver in three case study cities

In Medellín, a small group of experts at the department of social urban planning (*urbanismo social*) at the Medellín Academy started to think about how to reconquer spaces torn by violence: 'it was a both a concept and a physical strategy, a mixture of ideas and bricks' (Vulliamy, 2013). These ideas were taken forward by mayors Luis Perez (1999–2003) and Sergio Fajardo (2003–2007). Public transport was a key part of this strategy: it was viewed not only as a means to enable ordinary people to move around the city and get to work faster and more comfortably, but also as a symbol of uniting the rich and poor areas of the city and enabling different segments of the population to meet.

In Hamburg, Olaf Scholz was elected mayor in 2011 on a platform of sound fiscal management and orderly government. According to the OECD (2015, p 48), 'Scholz has successfully combined the capacity to master the minutiae of city administration with a big picture vision' and his administration is also known as being responsive to citizens and businesses. In addition, Mayor Scholz has proposed the city's 'Ich bin Hamburger' naturalisation campaign to accommodate the growing number of new arrivals to the city.

In San Antonio, Mayor Julian Castro drove the SA2020 community visioning exercise which set out goals for improving San Antonio by 2020. The visioning process was guided by a steering committee with members drawn from all sections of society and involved large-scale public participation across the city in discussing the future of the city. Mayor Castro also instigated the Brain Power Taskforce whose deliberations led to use of an element of local sales tax to fund pre-school education. His successor, Mayor Ivy Taylor, has championed the linking of a city strategy involving pursuit of global competitiveness with building an inclusive economy through stimulation of sustainable, well-paying jobs.

Community activism is an important driver of inclusive growth strategies. In San Antonio change was driven 'bottom up' by parts of the 'minority majority' Hispanic population who felt that their needs had been ignored by longstanding Anglo elites. Over time, political change, and the work of bridge-building individuals and organisations led to a spirit of collaboration and active change. In some cases, community activists have themselves gone on to take on political power in order to transform their cities. In Barcelona, the city council elections in 2015 were won by *Barcelona en Comu* (Barcelona in Common), a grass-roots party developed by activists and citizens. The newly elected mayor of Barcelona, Ada Colau, rose to prominence as a housing activist campaigning against evictions.

Shared – and shocking – data and evidence can be important in stimulating a more inclusive approach. The Portland Plan was developed on the back of evidence-based campaigning from community groups, who highlighted growing disparities in the city, and used the research to galvanise support and demand policy change. As one interviewee put it, 'you rally around the research, right?'. For data to have real impact, city authorities may need to be open to criticism and to recognise the role of city policies in themselves creating or perpetuating inequalities - the Portland Plan, for example, contains a very frank admission of the role of institutionalised racism in shaping inequalities in the city.

The *sheer pace of growth* is a driver in some cities. For example, in New York it was recognised that economic growth was putting great pressure on housing and city services, and that this needed to be better managed. In cities such as Malmö in Sweden population growth was a key issue, with the city needing to change and adapt to an important influx of refugees. One interviewee in Malmö used the motto 'alone has gone, together is coming' to characterise a growing sense that people need to pull together to make things work. In other cities, it was obvious that a longer term sense of shared solidarity was an important driver. A sense that 'we are all in this together' seems to be particularly generated by past crises – such as the loss of the shipbuilding industry in Nantes in the 1980s, or joint actions to rebuild the city or reduce flood risk as in Rotterdam and Hamburg. In cities such as San Antonio and Nantes, religion was cited as an important factor for a mayor in driving strategy or in creating a sense of moral responsibility among residents, and also business owners.

National policies can drive more inclusive approaches at the city level. In Helsinki, the national metropolitan strategy was seen as a strong driver for the city's proactive approach towards growth

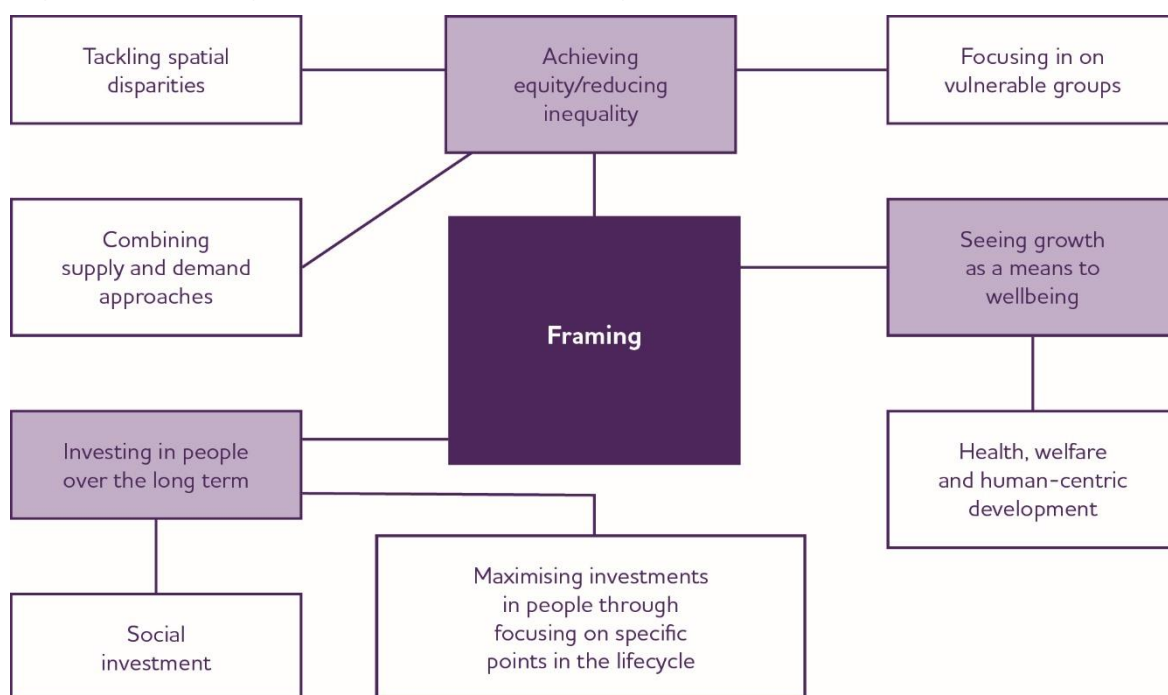
and inclusion. Likewise in Germany a programme called *Social City – Investing in the Neighbourhoods* (*Soziale Stadt – Investitionen im Quartier*) has driven change in both Hamburg and Leipzig. The exchange of good practice at both a national and international level has also been responsible for driving change in some cities. For example, the Commission for a Socially Sustainable Malmö was inspired by a World Health Organization Commission report on the social determinants of health (as outlined in Section 5).

Finally, in some cities, a strong driver for prioritising inclusion alongside growth appears to be fiscal responsibility – the fact that some municipal governments have responsibility for welfare budgets (at least outside of unemployment insurance schemes) and/or a significant proportion of their city budget coming from income taxes, means that there is a strong incentive to reduce welfare expenditure through addressing and preventing exclusion, while increasing employment rates.

Framing

Cities vary in how they frame their approaches to more inclusive growth, as outlined in Figure 5 below. This sets out some of the key themes identified through the case study analysis. These include a focus on three key elements (see shaded boxes in Figure 5): working towards equity and reducing inequality (with attention often being given to vulnerable populations and spatial inequalities); an understanding of growth as a means to well-being as opposed to an end in itself; and investment in people over the long term.

Figure 5: Framing approaches to inclusive growth



Building equity and reducing inequality

While the case study cities were all chosen because they were striving to bring growth and inclusion policies closer together, the actual term ‘inclusive growth’ was more rarely used. Rather cities referred to various other key concepts such as inclusion, equity, social sustainability and resilience. In the US, ‘equity’ is given centre stage, with a strong focus on how to reduce inequalities in cities. For example, the Portland Plan incorporates an equity framework, with the city stating that ‘*equity is achieved when one’s identity cannot predict the outcome*’ (Portland Office of Equity and Human Rights, 2016). Equity is distinguished from ‘equality’ because it incorporates a degree of positive discrimination and extra support for those disadvantaged within the system, to create a level playing field. In Malmö, Sweden, the city similarly advocates the principle of proportionate universalism – ie action should be ‘universal, but adapted, both in scope and design, to those most in need’ (see Box 2). Equity is identified as being important not only in terms of ensuring fair access to services, but also in terms of better

connecting people to economic opportunity (through, for example, linking more disadvantaged areas to job opportunities). There is also a focus on 'intentionally' targeting growth policies so that they benefit (or at least do not harm) certain groups.

Box 2: Examples of the terminology used in framing inclusive growth

Portland often uses the word 'intentionally' to refer to the intentional direction of all policies towards creating inclusion. The city now ensures that different policies intentionally take the likely impact on different sectors of the population into account. Portland is also moving from a focus on poverty to that of 'self-sufficiency': prompting actions on both the supply and demand side.

Hamburg is trying to 'create more city in the city' through dense new inner city developments.

Helsinki is aiming to boost 'mental growth' within the city through high standards of (free) education and skills development.

Rotterdam is supporting 'future-proofing' through ensuring that the city is adapting to economic and labour market change.

Malmö is keen to build 'social sustainability' while it also advocates 'proportional universalism', with actions being 'universal, but adapted, both in scope and design, to those most in need'.

Some cities are going beyond a focus on creating equality of opportunity within the current economic model, to focus on generating greater equality of outcomes, where people receive fair wages for the effort and skills they put in. In Barcelona, the city collaborated with the unions to produce an Agreement for Quality Employment in Barcelona which now forms an important basis for the city's employment strategy. In the context of an increasing polarisation of high skilled/high wage and low skilled/low wage employment, the cities of New York, Portland and San Antonio are all actively supporting the development of economic sectors that will create middle wage jobs; whether through the targeting of inward investment policies, skills and employment policy, economic development supports, or public procurement. In Portland, there is an emphasis not on tackling poverty but rather on helping people towards self-sufficiency, ie having sufficient income to meet a household's basic needs without public subsidies. This concept implicitly recognises that action is needed on both the demand and supply side of the labour market to achieve change: very few of the city's most prevalent jobs have income levels that can make ends meet for single-earner families.

In seeking to create greater equity, many of the cities have focused on improving opportunities and outcomes for particularly vulnerable groups. In the US, for example, there is a strong focus on improving opportunities and outcomes for communities of color in the cities of Portland and San Antonio.² In Portland the city is preparing for the fact that it will be much more diverse in the future: while 80% of the population between 50- and 64-years-old are white, white people constitute only 56% of the population of 5 to 19-year-olds.³ In European cities there appears to be a strong focus on recent immigrants. This was particularly evident in Malmö, with the recent wave of refugees needing support ranging from food and lodging to longer term help with language learning and labour market integration.

The analysed cities were almost all also attempting to better manage and reduce spatial inequalities and disparities. This included working on accessibility and connectivity at the level of the whole city, while also trying to eliminate poverty within 'priority' neighbourhoods. In Barcelona, for example, the principle indicator being monitored for the employment strategy was a reduction in inequality between neighbourhoods. There is frequently a strong awareness of the need to mitigate the role of gentrification in pushing certain groups into more inaccessible and poorly served parts of cities. At the same time, many of the cities were attempting to address environmental issues such as carbon emissions and pollution, through a parallel strategic focus on 'environmental resilience'. In Hamburg, all these issues have been taken into account within an overall strategic drive to 'create more city in the city' prioritising dense inner city housing development that combines affordability and environmental sustainability with good access to city centre training and employment (see Section 4).

Going beyond economic growth: citizenship, wellbeing and human-centric development

While most cities continue to prioritise economic growth, a number appear to value economic growth not as an end in itself, but rather as a means towards other objectives. In particular, the Nordic cities analysed have visions which emphasise the importance of health, wellbeing, and citizenship (see Box 3). In Helsinki it is identified that 'it is important that business blossoms in our city because it is connected to wellbeing and jobs'.

While Helsinki and Malmö strongly focus on strengthening equality of opportunity and access to work, they also actively reduce the knock-on effects of having a low income through affordable provision of services such as health, housing and transport – 'making poverty matter less'. Malmö's Commission for a Sustainable Malmö, for example, prioritises the alleviation of health inequalities and the mitigation of the socio-economic factors that can lead to ill-health. Helsinki has prioritised the theme of design in its city strategy, developing customised approaches that take into consideration the human-service interface (ie how services and buildings are used by people). The city has focused on building in 'micro-adaptations' that help to make services more human-centric. One example is the use of smart technologies that help local people to engage more quickly with city services and therefore save an hour in their day (the 25/7 initiative, see Section 4).

Box 3: Growth as a means towards well-being in Malmö and Helsinki

The Helsinki-Uusimaa regional programme vision and strategy 2040 has three strategic development goals for 2040: creating a platform for intelligent growth (based on sustainable development and 'intelligent solutions'); ensuring that the region is easy to reach, live and work in; and maintaining a 'clean and beautiful region' (with an emphasis on using natural resources sensibly, becoming carbon neutral and maintaining natural diversity).

In Malmö, in 2010 a Commission for a Socially Sustainable Malmö was established involving the research community, the voluntary sector, the City of Malmö, the business sector, and regional and national stakeholders, to suggest objectives and actions to reduce inequities in health by making the social determinants of health more equitable. The Commission set out 24 objectives and 72 actions, divided into six domains: everyday conditions during childhood and adolescence; residential environment and urban planning; education; income and work; health care; transformed processes for sustainable development.

Investing in people over the long term

A third key 'framing theme' identified in the case studies was investing in people longer term, and putting in resources now to reap higher rewards in the future. This notion is key to the idea of social sustainability which is given particular support in Malmö, Helsinki, Hamburg and Leipzig. Related is the concept of social investment and the idea that investing now to prevent future exclusion will pay dividends in terms of reducing welfare costs in the longer term. Many European and North American cities share a commitment to supporting early years education, for example, in recognition of the fact that investment at this stage is likely to have the highest impact on social and economic outcomes. In the Nordic countries, municipalities are often particularly well placed to make social investment because they have responsibility for a broad set of budgets, including welfare budgets, meaning that any gains will be internalised, even if the benefits from investing in one sector (eg education) ultimately lead to cost-savings in another (eg health, crime management).

Some cities are also future-proofing against the potential results of broader global economic change. In Rotterdam, for example, the city is working hard to anticipate what the future labour market will look like, with an aim to identify the 21st century skills (see Section 4) that will be in demand and to maximise the opportunities and mitigate the ill-effects for residents. This type of approach is also reflected in the frequent use of the term resilience in city strategies, with cities striving to become – and particularly make city residents – more adaptable to absorbing future economic shocks.

Design of inclusive growth strategies

While all the cities examined were attempting to bring together growth and inclusion policies, not all had an overarching strategy to support inclusive growth. Some cities appeared to prefer to act more incrementally and experimentally, with Rotterdam and Nantes, for example, bringing cross-sector collaboration to bear on a more experimental set of initiatives.

New York, Malmö and Portland are all examples of cities that have developed an overarching inclusive approach. Over the last decade, New York City has developed a series of strategies, for example focusing on growth (2007), sustainability (2011), resilience (2013) and now equity, with all four themes becoming lenses for the development and organisation of the #OneNYC strategy being taken forward by Mayor de Blasio. The strategy team identifies that the broad and overarching approach has been key to helping people to work outside policy silos. However the strategy has also been criticised for being too ambitious. Some strategies are relatively complex and sophisticated in terms of their structures of delivery and monitoring. For example the Commission for a Sustainable Malmö has 24 objectives, 72 actions and 17 goals, with an effort being made in some areas to cascade these goals down to the local neighbourhood level.

In Portland, a great deal of effort has been put into the Portland Plan, which is a broad document that has since fed into other strategies such as that of the Portland Development Commission strategic plan (2015–2020). However, it was identified by some interviewees that individual strategy documents were perhaps less important to the city than an ‘ongoing conversation’ which has developed due to a series of different mayoral interventions, generating a ‘set of attitudes, values and characteristic ways of thinking’ that promote inclusion. In some cases a vision of what the city could be was also considered more important than an overarching strategy. In San Antonio, as outlined in Box 1, the SA2020 community vision was prepared under Mayor Castro’s administration so that, in the words of one interviewee, ‘the city can rally behind it for the next decade’.

In terms of their strategic development in this field, many cities are planning over long time periods – over 10, 15, 20 years and more, while also incorporating short or medium term (for example five-year) action plans. Ensuring strategic continuity over time is also seen as important, given short mayoral mandates. While the #OneNYC strategy builds on previous strategies for resilience, sustainability and growth, it also incorporates appendices in which the city government reports back on progress made on targets set by previous strategies.

While some city-level strategies have their own budgets, in several cases, such as Hamburg, they aim to pool existing budgets to make delivery more integrated. In Leipzig, it was felt that the integrated urban strategy adopted in 2009 was not linked closely enough to the city’s budget, which at times made the implementation of the strategy difficult. More ambitious financial strategies to support inclusive approaches seem sometimes to be restricted by the lack of fiscal powers available to cities. In New York it was originally planned to fund new initiatives such as universal early education through a new tax to be levied on the 1% richest residents. While this was popular with voters, the fiscally moderate state governor would not allow it, preferring to fund new initiatives from the state budget.

The design of inclusive growth approaches is often based on extensive local consultation. The Portland Plan was created by 20 public agency partners in over 2 years with more than 300 public meetings and 20,000 comments from residents, businesses, neighbourhoods and non-profits. The plan is presented online as ‘the plan that Portland wrote’. Similarly, in New York 10,000 people and 70 different agencies commented on and fed into the #OneNYC plan. In Leipzig, it was felt that the process of consultation was as at least as important as the product when developing their integrated SEKo urban plan (see Box 4).

Box 4: Development of the Leipzig integrated plan

Leipzig's SEKo 2020 was drawn up primarily by interdepartmental working groups within the city administration. External stakeholders were also invited to the workshops where priority themes were defined and priority (geographical) areas were selected. The whole process was steered by the Urban Planning Division of the local authority. However, the city planners organised several urban roundtable discussions/workshops, where representatives of housing associations, trade organisations and researchers also took part. Overall, the preparation of the strategy took two years (2007–2009) and according to one interviewee this was time well spent, with the consultative process being an outcome *'just as important as the actual product, the strategy itself'*.

In terms of deciding on specific policy interventions, both national and international experience is also frequently drawn upon. A review team ensured that experience from Chicago, San Francisco, and New York was embedded in Portland's new neighbourhood economic development strategy, for example. The city of Malmö has drawn on neighbourhood renewal policy from the UK and business improvement districts from the United States, while the cities of Nantes and Rotterdam have drawn extensively from the experience shared within European urban networks such as Eurocities Network.

Governance

Who is involved in delivering inclusive growth strategies?

Given that inclusive growth strategies naturally go beyond policy silos, there is a variety of different actors involved in the implementation of inclusive growth approaches. A partnership approach is therefore generally key to their implementation, with various different institutions needing to lead on different parts of the strategy.

Research by Hambleton (2014) highlights five realms of place-based leadership at city level:

- political leadership
- community leadership
- business leadership
- trade union leadership
- managerial professional leadership.

The case studies reveal examples of all of these types of leadership, including: the strong leadership of a directly elected mayor in a city such as New York, the role of the community leadership in influencing change in Portland, the role of business leaders in backing a sales tax to fund investment in pre-kindergarten education in San Antonio, trade union leadership in maintaining job quality in the Nordic city case studies, and managerial professional leadership in the case of city like Rotterdam.

In all the case study cities, local authorities and city governments have provided central managerial leadership in implementing inclusive growth approaches, while in some cities arms-length organisations delivering public policies play an important role. The development agency, Barcelona Activa, for example, naturally bridges policies for growth and inclusion when delivering employment, enterprise and tourism policies on behalf of Barcelona City Council. A number of city governments are working to strengthen partnership approaches in their cities by developing cross-sector implementation mechanisms. The New York Mayor's Office of Operations has responsibility for following up on all the mayor's commitments, while also establishing taskforces to work with different city stakeholders on the various initiatives being developed under the #OneNYC strategy. In San Antonio an NGO, SA2020, has a staff of four people working on its 2020 vision but their reach is made far greater through the exercise of a co-ordinating function involving 145 non-profit partners, the San Antonio City Government, county government and 15 cross-sector collaborative working groups.

One key way of bringing different actors together to work towards common goals appears to be the development of joint performance indicators – a topic that is examined in further detail in Section 6. While in many cases the local authority has led strategies top down but with consultation, in other cases a more distributed form of leadership has been sought. In Rotterdam, for example, the local authority sees itself as a partner, a platform and an enabler rather than a leader. In Malmö, the development of knowledge alliances is seen as being part of a 'democratised governance' approach

in which many different stakeholders influence the entire chain from problem articulation and the development of solutions to implementation.

Universities play an important role in designing approaches and undertaking monitoring/ follow-up in a number of cities. In Malmö, the local university has been involved in designing and evaluating new approaches for regenerating neighbourhoods. In Portland, the motto of the Portland State University is 'let knowledge serve the city'. The 'knowledge alliances' set up by the Commission for a Socially Sustainable Malmö encompass both scientific and experience-based competences to generate new knowledge as a basis for action. In Cleveland, it was a philanthropy organisation, Cleveland Foundation, which brought together both universities and other anchor institutions to deliver the comprehensive Cleveland Greater University Circle Initiative (see Section 4). This initiative exploits the critical mass formed by bringing several local anchor institutions together to plan and deliver change – harnessing in particular the role of universities and hospitals as large local employers and buyers of services.

Inclusive growth approaches are often also based on co-operation between local authorities at the city or a city region level. Nantes, for example, was one of the first of a series of new 'Metropole' governments in France, with the city's local authorities voluntarily delegating a significant set of powers to the metropolitan level, enabling it to develop growth and inclusion approaches in parallel.

New ways of engaging civil society, citizens and business

The cities analysed were frequently working with civil society in new ways – going beyond a grant funding approach to develop other types of relationship. In Malmö a set of third sector partnerships (see Section 4) have been established in the labour market field, with the aim of moving from a 'monologue' from the city government to 'a dialogue'. In Portland it was stated that they have turned their normal model on its head, so that local community organisations have more say in managing neighbourhood interventions, although there were some concerns that such an approach might create fragmentation in delivery, while undermining a more systemic approach to making mainstream city institutions more inclusive.

Cities are also trying to change their relationship with business to achieve inclusion objectives. Defining a new relationship with business is at the heart of the inclusive approach taken by Nantes. The Nantes Metropole takes a multi-level approach, ambitiously using social clauses to promote better working practices within firms, while also conducting a broader campaign to support corporate social responsibility (as outlined in Section 4).

Further, some cities have put in place oversight mechanisms to ensure that private sector development is shaped to meet the needs of the city population. For example, in Hamburg the Future Council (*Zukunftsrat*) was initiated and funded by the city to provide external control on, and guidance to, the work of urban developers.

A number of cities are seeking to create ongoing citizen participation in the delivery of their strategies. In Leipzig, an initiative called *Thinking Leipzig ahead* in 2012 got citizens thinking about future-oriented urban development as part of the update of the integrated city development SEKo plan. The city has now set up a permanent unit to create a culture of citizen participation. In Paris, 5% of the municipal budget is set aside for innovative ideas generated by city residents to tackle local problems. The actions are voted on by other residents, and there is an emphasis on accepting suggestions from people living in areas of disadvantage in the city. Rotterdam has also set aside a similar percentage of its budget for 'bottom-up' innovation.

Conclusion

Inclusive growth can be conceptualised in a number of different ways – with some cities seeking to better distribute the benefits and opportunities associated with their current growth model (for example by improving transport connections from more deprived areas to jobs), while others seek to change the model (through, for example, working to increase the number of middle-skill quality jobs in the labour market). Inclusive growth approaches have emerged in the case study cities for many different reasons, including the vision of the mayor, bottom-up community activism, a common sense of solidarity born of crisis and a drive to reduce welfare costs. The case study cities have framed their approaches in different ways, with some focusing more on generating greater equality within the

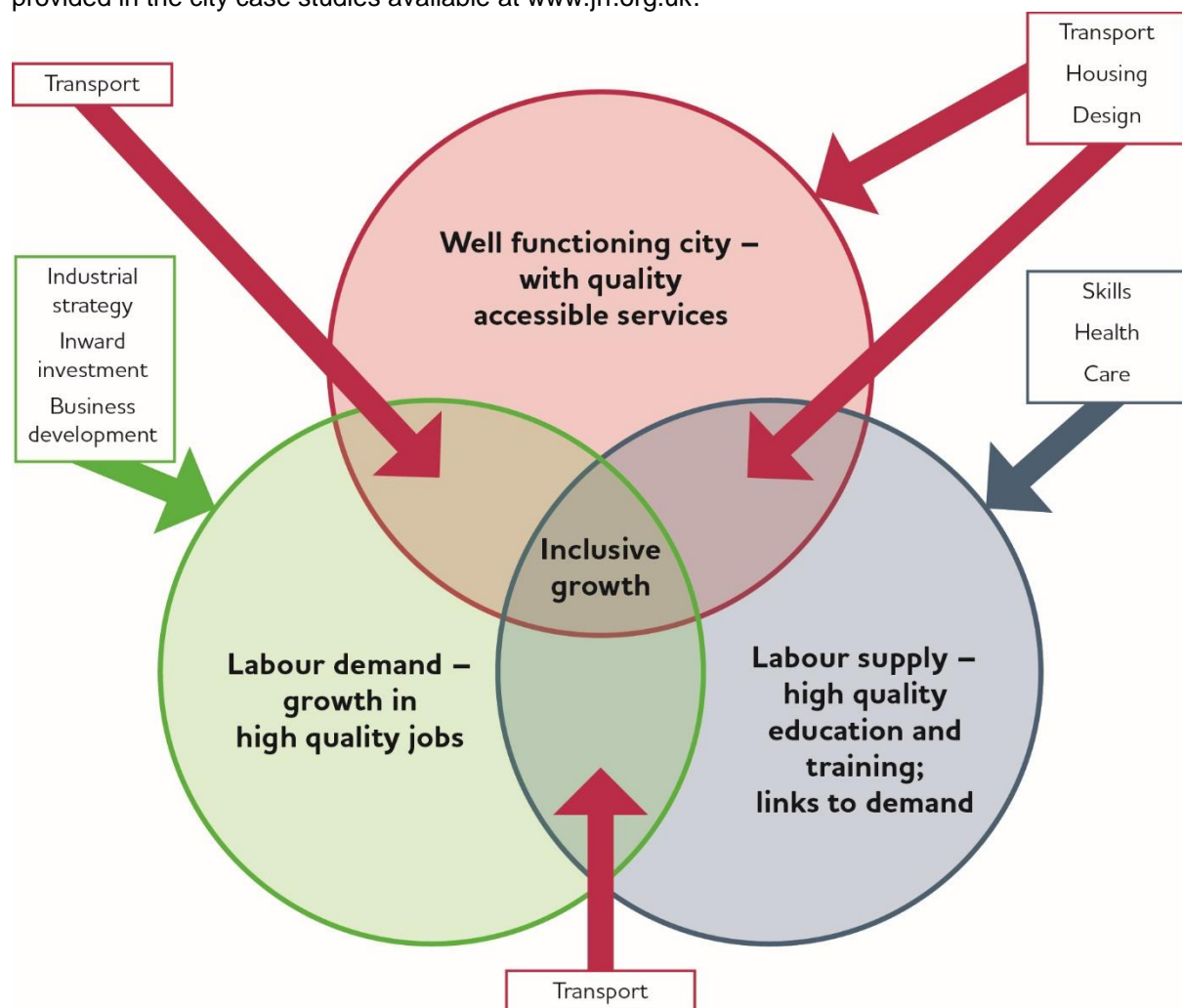
labour market, while others focus on health and wellbeing, and 'making poverty matter less' through designing broadly accessible city services.

The approaches to governance also vary across the case study cities. Some cities have developed comprehensive overarching strategies, while others are building more flexible cross-sector alliances around particular initiatives. Many approaches are relatively long term, with some cities actively anticipating and preparing for change, while others focus on investing in their youngest residents in order to reduce levels of exclusion further down the track. Inclusive growth approaches often involve extensive consultation and broad partnerships, with the mayor's office and/or the broader local authority often providing an important linking role, building taskforces to implement specific initiatives. Several of the case study cities are also attempting to forge new types of relationship with business and civil society. The next section of the report goes on to explore the cities' experience of implementation, through profiling example initiatives.

4 Experience of implementation: example initiatives

Introduction

This section presents selected examples of initiatives related to inclusive growth implemented by the case study cities. The examples have been selected to illustrate cases of interesting or promising practice that other cities may wish to consider and learn from. It should be noted that the initiatives outlined represent only part of the broader approaches taken by the case study cities and so do not provide a full picture of the range of policies. Further details of approaches in specific cities are provided in the city case studies available at www.jrf.org.uk.



Three broad subject areas are addressed in this section (as illustrated in Figure 4.1), addressing different elements of the policy framework.

Figure 6: Key elements of inclusive growth policies

The discussion is organised in three sections:

- *shaping the economy and labour demand* – policy initiatives on the demand side of the labour market
- *labour market supply and supporting labour market engagement* –relating to supply-side policies, including skills development and addressing worklessness
- *building connectivity and creating a well-functioning city* – through transport, housing and spatial planning policies at a variety of scales, as well as through investment in smart solutions and involving citizens in design of the city and services, so making life easier for individuals.

Particular focus is placed on labour market issues, given the importance of the labour market and decent paid employment for the success of inclusive growth initiatives. It should be noted that the distinction made above, for analytical purposes, between the demand-side and the supply-side of the labour market is to some extent artificial, given that several strategies/initiatives detailed below and in the city case studies are simultaneously increasing demand and linking supply to this, including providing opportunities for progression.

Shaping the economy and labour market demand

Inclusive growth policies have traditionally focused on labour supply. Yet the demand side is important too. Some cities seem pleased to have economic growth at almost any cost, but in other cases cities are actively trying to shape growth so that it is more inclusive and brings more equitable benefits to city residents. While city policy-makers cannot alter macroeconomic or technological trends, they can influence the context around demand locally through mechanisms such as industrial strategy, innovation systems, provision of business support, and decisions about infrastructure investment and spatial planning. They can also help shape city economies to foster and support growth and resilience. Other local stakeholders, such as companies and universities, are also critical in this process.

The demand context is important for several reasons. First, it influences the overall prospects for growth. Second, it shapes the type of growth which cities are likely to experience in terms of sectors and different types of jobs.

The drivers of growth at city level, and the role of local stakeholders in creating the conditions for growth, comprise a broad subject (for an overview see Lee et al, 2014). In this section the focus is on policies under two themes pursued in case studies cities, which are pertinent to the demand side: influencing the sectoral structure of employment, and growing the quality of employment.

Influencing the sectoral structure of employment

Inward investment to provide new jobs: One traditional mechanism of economic development for cities is to seek to increase employment opportunities in particular sectors through inward investment.

This approach is exemplified by the activities of the City of Leipzig in attracting a new BMW plant to the city, so helping to rebuild the manufacturing base – in part to provide jobs that suited the local labour supply, after failing to establish itself as a media and financial city. BMW agreed to offer one-third of the jobs to unemployed people, especially the long-term unemployed, and the City of Leipzig funded a job agency to help with pre-selection procedures as well as providing a relocation service for top managers moving to the city.

In San Antonio an inward investment strategy is also used selectively to strengthen local industry specialisations as part of a strategy focusing on economic competitiveness in global markets (outlined below). Sector-led training is used as a means of opening up opportunities for the local population to access jobs in these clusters, so illustrating the use of supply-side initiatives to help foster inclusion within a predominantly demand-led strategy.

Sector policy: Inward investment is just one element of a broader approach of promoting growth sectors or clusters as a means of shaping the structure of the economy to support city economic growth. Clusters have been defined as ‘geographically proximate firms in vertical and horizontal

relationships involving a localised enterprise support infrastructure with a shared developmental vision for business growth, based on competition and cooperation in a specific market field' (Cooke 2002, p 121). Cluster-based economic development is not necessarily inclusive, but clusters have the potential to promote inclusive economic competitiveness, and cluster performance may be measured using indicators of inclusiveness/equity as well as economic performance (Holifield et al, 2012). By aligning assets and creating shared strategies for competitiveness and growth, cities and regions are able to optimise the use of existing assets and strategically invest in programmes and infrastructure that will benefit all those in the cluster, including workers, firms, and intermediaries.

In San Antonio the economic strategy is one of intentionally growing the economy, adopting a sector policy tightly targeted on better jobs in globally competitive sectors largely building on historic industrial specialisations. The targeted growth sectors include clusters comprising health care, biosciences, life sciences and scientific research and development, aerospace, information technology and cyber security, advanced manufacturing, energy, and cultural and creative industries. For the most part, these build on existing specialisms in the local economy.

In Hamburg the economic strategy is focused on eight clusters: media and IT, aviation, life sciences, logistics, creative industries, healthcare, maritime industry, and renewable energies. Cluster policy in Hamburg has been ongoing since 1997 and in 2002 the Senate adopted an explicit approach to cluster development. Cluster management teams, led by networking professionals, fulfil a role as contact points for each of the eight clusters, acting as intermediaries and providing support to the activities of firms, education providers, research institutions and business groups. By bundling multiple policy areas within one ministry, local economic leaders have become, and crucially, started to see themselves, not only as decision-makers and funders but also as long-term partners, moderators and stimulators of new ideas. Labour supply policy is geared towards these clusters. Initial and further training (lifelong learning), including qualification initiatives, is a crucial element of the cluster policy. However, it is not just a question of offering training courses and attracting talented individuals. In Hamburg, young people/students are addressed by the clusters: to win them over for jobs with a future, school laboratories at universities and staged lectures for children have been set up to raise their interest in technologies vital for local employers.

A number of the case study cities, and in particular Cleveland, Malmö and Nantes, have struggled with de-industrialisation, having once had a particularly strong manufacturing base. The cities have coped with this in different ways – diversifying into other sectors, and in some cases successfully reinventing themselves as service economies (Malmö is a good example). However, several of the case study cities are now trying to bring manufacturing back into the city, both as a driver of economic growth and as an important mechanism for creating quality jobs for local residents, often with allied supply-side elements to help link local residents to them. As identified above, this is a key focus of Leipzig's inward investment strategy. Similarly, Portland sees advanced manufacturing as an important sector for middle-wage employment, while New York is setting aside land and space for manufacturing in order to boost its exports and generate jobs for New Yorkers (see below).

New York has been targeting investment towards industries that provide jobs that are good quality and accessible to New Yorkers. This includes an industrial action plan – manufacturing has been in decline but it is felt that it still 'needs to be part of the city' due to the relatively high wages it pays for low- to middle-skilled jobs, and its role in providing supply chains for the city's exports. Logistics and freight is also being supported, as this cannot be outsourced, but businesses are struggling to hire experienced people locally. Other sectors include tech, fashion, and health-tech –where the city feels that it already has a comparative advantage.

This is a particularly viable policy given that so called 'new manufacturing' is well-suited to being hosted in cities – as a result of changing technologies, manufacturing now often involves clean, smaller-scale production that caters to niche city markets (Foresight, 2013; Deloitte, 2015). While in the past manufacturing was dependent on economies of scale this is no longer necessarily the case, and 'distributed manufacturing' is becoming more prevalent. At the same time there is an increased blurring between manufacturing, consumer design, innovation and retail which means that manufacturing is again becoming an essential part of local city supply chains.

Improving the quality of employment

With concerns about in-work poverty, there is increasing interest in policies to enhance job quality. These issues have been a particular focus of policy in the US in cities such as Portland and San Antonio.

In Portland, Oregon, the Portland Development Commission 2015–2020 strategy focuses on four industry clusters (athletic and outdoor gear and apparel; green cities products and services; technology and media, metals and machinery; and healthcare) which were selected based on local employment concentration, historic and future growth, global reputation and brand, and middle-wage job accessibility. At the same time, the workforce development system (Worksystems Inc) now only offers intensive inward investment support to those companies offering middle-wage employment and jobs with progression opportunities for local residents.

Importantly policies to shape demand by growing particular sectors offering good economic growth prospects and/or jobs offering at least middle-income jobs often have allied supply-side elements to help link residents to quality employment opportunities.

Engagement in sector-based policy has been longstanding in San Antonio. The best-known example is Project QUEST (Quality Employment through Skills Training), dating from the early 1990s. It was designed to upgrade and reskill low-income disadvantaged workers for good jobs in high-demand occupations, by targeting a cluster of in-demand, well-paying, and growing occupations, and working with the community college system to develop degree and certificate programmes suited to these occupations. Building on similar principles in 2014 a Talent Pipeline Task Force (comprising employers, workforce development leaders, chambers of commerce, and post-secondary education and social service providers) was formed to develop a plan to better connect education and training to the labour market in three main targeted industries (healthcare and biosciences, IT and cybersecurity, and advanced manufacturing). The task force agreed to a middle-skills strategy, targeting jobs that require more than a high school diploma and less than a bachelor's degree as the core focus of its work to engage educators and industry to work in partnership.

Procurement: Clauses in procurement contracts/agreements are one method used by some cities to increase the quality of employment within sectors.

Barcelona has begun using social value in procurement (ie focusing on social benefits from procurement) and direct public sector employment as a way of increasing wages. Minimum salaries specified in such clauses are derived from a calculation of the cost of living and are significantly above the national minimum wage; (the same reference salary is being used in collective bargaining agreements for public sector workers).

In Nantes qualitative aspects of employment conditions in contracting firms – for example work organisation, training provision, the presence or not of a tutor to ‘accompany’ and help people settle into the workplace – are taken into account in procurement. Thirty-five factors of production are used to help in the assessment of the general work environment, and this receives a 15% weighting within the public procurement process. The support of the technical team working on social clauses at Nantes Metropole has been made freely available to other local employers, so they can adopt the same implementation system (and avoid reinventing the wheel). The public procurement approach has succeeded in changing working practices in several sectors of the labour market.

Prosperity planner: Precisely what constitutes a ‘quality job’ and an adequate income varies from person to person according to their living costs and responsibilities. Some public employment services have traditionally used individualised ‘better off calculations’ delivered face-to-face on a bespoke basis for this purpose.

In Portland, Oregon, where the Portland Development Commission strategy is for the city to increase employment by 28,000 quality jobs between 2015 and 2020 (including 13,000 middle-wage jobs), Worksystems, Inc has set up a tool – an online prosperity planner – to help people assess the income that they would need to earn to become self-sufficient. The planner is based on a set of self-sufficiency standards which identify real costs in each of Oregon's 36 counties. It uses those costs to establish the adequate wage in those areas for 70 different family configurations. People have to go through the prosperity planner before undertaking any Worksystems Inc training. Advice is then given on the types of occupations that might give them the income they need, and the training pathways and progression routes that could help people to achieve jobs in these occupations.

Shaping labour market supply and supporting labour market engagement

Example initiatives are presented under four themes, the first three of which, pre-employment, employment entry, and progression and job quality, relate to a pathway to (better) employment (Green et al, 2015). The fourth, engaging in the new labour market, provides insights into issues relating to equipping individuals for inclusion in a changing, increasingly globalised and digitalised, labour market.

Pre-employment

Pre-employment initiatives are important because they represent the start of a pathway to employment. They are especially important for disadvantaged individuals who are entering the labour market for the first time and for those who are seeking to re-enter the labour market after some time away or whose previous employment experience was in a different country. Examples are provided of initiatives providing integrated intensive services, social enterprise, and investment in early years education.

Integrated intensive services: Individuals at some distance from the labour market often face multiple challenges in their journey to employment, yet accessing a range of services is often difficult.

To help address this problem in Helsinki the Cockpit Navigator Service' (*Ohjaamo*) is integrating complex work and training services for disadvantaged young people. It integrates counselling services, longer term guidance, advice about education, training and rehabilitation services, and in-work support and coaching under one roof in a one-stop guidance centre designed specifically for young people. It is staffed by youth workers, social workers, psychologists and employment services professionals. Young people can drop in at any time (without a referral from another organisation): it is an on demand service imposing no obligations. In the first five months of 2016 the service had more than 3,400 visitors.

Also recognising the importance of bringing services together to help beneficiaries, the employment strategy in Barcelona has a component on service integration. The model involves at least one employment office per district providing a range of core services as well as specifically targeted local services, underpinned by improved procedures for data sharing.

Social enterprise: In some European cities social assistance for individuals at some distance from employment is a municipal responsibility. This means that there is an onus on cities to explore ways of bringing such individuals closer to and into the labour market. One mechanism adopted by many municipalities is to work closely with community-based organisations and social enterprises to provide more tailored social assistance to particular groups, or to particular neighbourhoods.

In Malmö the city council is initiating third sector public partnerships (TSPPs) within the employment sector to complement other labour market initiatives in the city. One of the TSPPs, Yalla Trappen, is a work integration social enterprise. Operating in the Rosengård area of Malmö where 90% of the population are from immigrant groups, it works primarily with women who lack professional experience and training, who are not proficient in Swedish and who have been out of the labour market for many years, with recurring ill-health. The emphasis is on 'self-strengthening', through collaboration with other people, and education, to create positive outcomes, including earning a wage, decreased medication and better health, and reduced social isolation through more numerous and varied contacts. Commercial activities include a café, lunch and catering service; marmalade production; a cleaning and conference service; and a sewing studio (serving Ikea). Yalla Trappen is part of a supportive network of Yalla elsewhere in Sweden, and managers want sickness benefit savings from existing work integration social enterprises to be reinvested in further similar initiatives.

Early intervention to save costs later – the example of Pre-K 4 SA: Addressing multiple challenges faced by adults in accessing the labour market can be expensive. In general, ensuring a good start in education can help obviate later problems. In Texas a Better Jobs Act enables municipalities to levy a portion of sales tax (if authorised by a majority of voters) to invest in education programmes for economic development that have a positive impact on the future economy.

In San Antonio in 2011 Mayor Castro's Brainpower Taskforce brought together education and business leaders to identify what would be the best use of money if an additional 0.25% on sales tax went to a specific cause for eight years. The Taskforce recommended that a programme focused on high-quality pre-kindergarten services for four-year-old children would be the most effective way to improve the quality of education in San Antonio. Increasing readiness of pre-school children for formal education had been identified by the community as a priority for 2020. This was backed by the Chamber of Commerce in recognition of the importance of a good start in education for the future competitiveness of the San Antonio economy. The proposals for Pre-K 4 SA were passed and have been implemented through a full-day pre-kindergarten programme for four-year olds. Provision is targeted at children from working families whose income is just above the poverty line and so who are excluded from many government assistance programmes.

Employment entry

Traditionally a good deal of policy attention has been focused on entry to employment. Employment entry marks labour market inclusion and, in most instances, movement off welfare benefits. As highlighted in the previous section, there is growing interest in the quality of employment at entry stage. Here we give examples of initiatives related to procurement, corporate social responsibility, the role of anchor institutions and inward investment policies, and retargeting public employment services.

Procurement: Including social clauses in procurement contracts/agreements is a key method used by some cities to increase the quantity of employment opportunities for particular target groups.

Nantes Metropole has developed a strong public procurement approach since 2004. The public procurement policy stipulates that a certain number of hours (as opposed to a number of jobs) need to be given to people at a distance from the labour market, so providing greater flexibility for companies to manage the process as they see fit. The required hours are calculated differently for different employment sectors. The public procurement approach has supported recruitment of more disadvantaged people in several sectors of the labour market.

Corporate social responsibility: Broadly defined, corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. With regard to employment entry it refers to ways of supporting access to employment for disadvantaged groups in the labour market.

Nantes Metropole is working across a broad front with enterprises to convince them of the value of CSR, working closely with the Chamber of Commerce. A CSR platform has been established bringing together companies, employer networks, trade unions, and non-profits from civil society. One particularly innovative action has been working with local banks to create specific loans for entrepreneurs with social strategies. This scheme has been so successful that they have now persuaded French national banks to take social and environmental criteria into account when they negotiate loans. Another focus has been on reforming the way internships are organised in the city, as the informal organisation of internships often favours those in 'insider' networks. Companies are encouraged to advertise on a common website, while some have been branded 'Welcoming companies'.

Role of anchor institutions: One way for a city to galvanise procurement and related activities for the benefit of local residents is through working with anchor institutions.

In Cleveland key anchor institutions – Case Western Reserve University, the Cleveland Clinic and University Hospitals – have come together with the public sector and the Cleveland Foundation (a large philanthropic organisation) in the Cleveland Greater University Circle Initiative (GUCI). The GUCI strategy has been developed to use the role of local anchor institutions to help improve the conditions and economic opportunities for citizens in disadvantaged neighbourhoods in the surrounding area in a way that would not be possible for a single anchor institution on its own. The anchor institutions orient their procurement spending and recruitment practices to the advantage of local residents. Several projects have also been developed to support disadvantaged residents through the process of accessing employment opportunities in the anchor institutions. For example, StepUp is a training programme which targets areas of employment opportunity in the health sector. This illustrates that activities extend beyond employment entry to create opportunities for progression.

Retargeting public employment services support: The public employment service has an important role to play in most countries in shaping employment entry, and in influencing the types of work that people are encouraged to apply for – this in turn can have longer term effects on labour market outcomes and quality jobs.

In New York, the workforce development focus of the city has shifted from a principle of 'rapid attachment' to a focus on career pathways as a way of helping people towards sustainable employment commensurate with their skills and aptitudes. The aim is for people to be offered a range of education and training to work towards job opportunities that will build labour market attachment over the longer term.

Progression and job quality

With concerns about in-work poverty, the 'no-pay, low-pay' cycle and the introduction of Universal Credit in the UK, there is increasing interest in policies to promote progression and enhanced job quality. These issues have been a particular focus of policy in the US as the examples showcased here on career pathways illustrate.

Career pathways: The previous section has highlighted examples of cities proactively pursuing growth in sectors providing middle (and high) income employment opportunities. Career pathways initiatives seek specifically to link workers to jobs which offer structured opportunities for progression.

As outlined above, in San Antonio Project QUEST was designed to upgrade and reskill low-income disadvantaged workers for good jobs in high-demand occupations, by targeting a cluster of in-demand, well-paying, and growing occupations, and working with the community college system to develop degree and certificate programmes suited to these occupations. From the outset residents of poor neighbourhoods and the business community agreed that Project QUEST must tie-in strongly with the occupational demands of local employers, be selective and target training only for those careers that offer good pay and advancement opportunities, and incorporate intensive client services to help economically disadvantaged participants overcome financial and personal barriers to skill acquisition. During the past 21 years more than 80% of Project QUEST entrants have graduated from the programme and 86% of graduates were placed into higher paying occupations (Benner and Pastor, 2015).

Engaging in the new labour market

It is important that policy is sensitive to the changing nature of the labour market. Cities are relatively small actors relative to the global factors shaping employment, but they can take account of likely future changes and prepare policies to help equip people to participate in the new labour market and reap the benefits of growth.

In Rotterdam thought is being given to the shape of the current and future labour market as middle-level jobs decline, the nature of work changes as low-skilled jobs are being splintered into 'tasks', and what this means for the workforce of the future and for re-integration of people not in employment. A 'gig economy' is emerging characterised by temporary positions and short-term engagements for independent workers for short-term engagements. Crowdsourcing for work platforms, while providing opportunities for some people, might also lead to a 'race to the bottom' in pay rates given competition from around the world, yet the municipality has recognised that sharing economy platforms also provides opportunities for exchange of neighbourhood services etc, at a local scale, for the benefit of city residents.

Recognising that most welfare recipients are not able to organise their own gigs, a related new pilot initiative in Rotterdam involves microfranchising (with an initial focus on handyman and care-giving tasks). The model involves identifying and matching individuals who have been out of the labour market for some time to tasks that they can do on their own with existing skills and minimal equipment, while issues of branding, price setting, administration and payment are dealt with centrally.

Educational initiatives are fostering the development of entrepreneurial skills for the new labour market.

21st Century Skills – a Netherlands-wide initiative which has been embraced more actively in parts of Rotterdam than elsewhere – emphasises the development of digital skills, enterprise skills (including creativity, co-operation, critical and independent thinking, problem solving capacity and taking calculated risks) and personal leadership skills (such as self-efficacy and confidence, taking responsibility, setting and reaching goals, self-reflection and living with differences). The municipality is active in making available spaces for incubation and innovation, and facilitating creation of innovation networks, to foster these skills for the benefit of individuals and the city.

Building connectivity and creating a well-functioning city

Connectivity is fundamental to inclusive growth, in terms of linking the supply and demand sides of the labour market, physical connections between residences and workplaces, more broadly taking account in spatial planning of the location of housing vis-à-vis jobs, and ensuring access to essential services at neighbourhood level (and hence creating a well-functioning city). It may be considered in physical, economic, social and political terms as enabling access to opportunities. Here we showcase five key themes relating to the physical and built environment: transport; transit-oriented development; investing in housing and jobs; tackling poverty and enhancing quality of life in particular neighbourhoods; and enhancing the functionality of the city for diverse citizens, so making life easier in the city for individuals and their families.

Transport

Transport is the most obvious factor for building connectivity. It is important in linking (potential) workers to opportunities for the benefit of workers, businesses and economic growth in cities.

Linking to areas of opportunity: Many cities are looking to increase connectivity between deprived parts of cities and areas of economic opportunity.

In Cleveland research mapping the residential locations of welfare recipients, entry-level job opportunities and public transit systems resulted in the re-routing of a number of transit lines to provide better connections between the city and inner suburban welfare households and the outer suburban entry level employment. Likewise, when Nantes developed an extensive tramway system in the 1980s a particular effort was made to ensure that the tram linked in more deprived parts of the city.

In the extremely segregated cities of Cape Town and Medellín (Colombia), public transport is perceived as a symbol of uniting the rich and poor areas and enabling different segments of the population to meet and interact. In Medellín local government has played a key role in developing transport (and other infrastructure). A network of cable cars connects the poorest neighbourhoods to the metro, and the public transport network has been expanded with the introduction of buses to supplement the metro system.

Temporal and spatial aspects of routing and pricing: Another issue for consideration is how the temporal and pricing aspects of public transport operations impact on access to employment.

In Nantes the metropole recognised that it was difficult for cleaners to use public transport due to their anti-social working hours, and made it obligatory for cleaning in city offices to happen within normal work time. Local companies have followed the lead with 25% of cleaning work in the metropole now happening within normal working hours.

In Seoul, the re-organisation of the bus network which had developed organically without any co-ordination or control by the authorities included the introduction of a fully integrated fare structure and electronic ticketing system between routes as well as across buses and the underground. While the price of a single ticket went up when the new system was introduced, the free transfers (within a certain time period) mean that most service users save money. Decisions on fares are made by Seoul Metropolitan Government, but the distribution of the revenues from fares is overseen by a bus operation council, which has representatives of all the independent private bus companies that operate the network.

Investing in housing and jobs

As outlined above, spatial planning has a key role to play in inclusive growth. Here we outline examples of consideration being given to the supply of affordable housing and the spatial arrangement of housing and employment in facilitating physical access to opportunities.

The lack of housing in Hamburg is seen as limiting economic growth, and the high rental prices are prohibitive to low-earning residents. The city's housing programme (since 2011) has been very successful, with over 6,000 homes built annually, and exceeding the target for 2,000 subsidised rental housing units a year – so narrowing the gap between demand and supply of housing. An Alliance for Homes (involving the Senate, housing industry associations and the municipal housing company) has set specific objectives for an inclusive housing market. City districts support the objectives through a faster approval process and the provision of affordable urban land. The programme has also sought to modify state government statutes to make the housing market more inclusive by better protection of living space capping rent increases (OECD, 2015).

As in the case of transit-oriented developments outlined above, a key principle is densification to facilitate access to opportunities.

The City of Hamburg has prioritised density in its physical development programmes, arguing for 'more city in the city', and putting this theme into action with housing developments designed to create socially mixed communities. For example, the HafenCity development, in an old port area on the River Elbe very close to the city centre, was created from scratch on land that used to be part of the harbour and is owned by the City of Hamburg. It brings greater density to the city centre. The mixed use development which includes commercial and residential space, to accommodate 12,000 residents and 4,000 workers, was closely managed throughout with Hamburg playing a strong role in determining the rules of the development and the parameters within which private investment takes place. An effort has been made to link residents into city centre jobs through public transport links.

In the early 1990s large-scale suburban developments sprung up around Leipzig, without good public transport links for the new inhabitants to commute to jobs in the city. The problems of increased use of cars and vacant residential buildings in the centre prompted the city council to promote 're-urbanisation' and devise creative ways of managing and improving the housing stock. The Urban Development Plan (2000) outlined a joint strategy for the older housing stock, the large housing estates on the margins of the city and new suburban construction. To maintain and improve the inner city housing stock, innovative measures included: tenants received financial assistance to refurbish their blocks – thus reducing the financial burden on the city; the city helped organise and advise 'owner groups' for residential buildings, who then bought these buildings; and to save decaying buildings in strategic locations from further decline, they were made available to tenants for temporary rental-free lease. The tenants had to make essential repairs to prevent further decay of the buildings. These repairs were coordinated by a not-for-profit group. Although this initiative was not widely taken up, it did have a positive impact, and the presence of students and artists who looked after these residential buildings contributed to making the area more attractive.

Tackling poverty and enhancing quality of life in particular neighbourhoods

Enhancing quality of life in the city is important not only for individual and community wellbeing, but also because, in some instances, it may help poverty matter less. Here we provide examples of initiatives to tackle poverty by improving housing and neighbourhoods. The first example describes the use of spatial planning to create 'complete neighbourhoods', while the second example outlines rent controls and the innovative use of a business improvement district (BID) mechanism.

In Portland there is a focus in urban planning on creating 'complete neighbourhoods': areas where residents have safe and convenient access to essential goods and services, transportation options, connections to employment centres, and community and open spaces within a 20-minute walk. The rationale is that complete neighbourhoods can reduce overall household costs and increase household affordability, and also yield health benefits for residents. According to the Portland Plan published in 2012 fewer than half of Portland residents lived in complete neighbourhoods, but by 2035 the city aims for 80% of residents to do so.

Improving local infrastructure, including the housing stock, has a role to play in promoting socio-economic wellbeing and economic growth. This is exemplified by an area programme in the neighbourhood of South Sofielund in Malmö, an area with 12,500 households, a reputation for crime, relatively high population turnover and hidden problems of sub-standard housing. In order to change South Sofielund 'from deprived area to innovation area' attention has focused on making the neighbourhood appealing and safe for everyone, where private landlords and housing associations want to commit and invest. Harnessing the involvement of 16 real estate and 42 apartment building owners has been crucial to improving the area. A BID has been set up to promote co-operation between property owners, housing associations and businesses and to work together to jointly invest in and improve the area's long-term sustainability. The idea is that promoting good property management and environmental improvement (including cleaning, recycling, better lighting, camera monitoring, improved parking arrangements and creation/upgrading of green spaces) will contribute to a socially sustainable and attractive area (rent controls provide a bulwark against gentrification). Members of the association pay a membership fee and a service fee, while the City of Malmö funds a development leader/co-ordinator and the administration. The University of Malmö is evaluating developments and a small positive trend regarding sense of security in the area is apparent. Alongside physical development there has been investment in schools, creation of an innovative climate to attract entrepreneurs, and development of cultural and leisure activities.

A functioning city for diverse citizens – making life easier in the city

Design, smart technology and open data may be used to enhance functionality of a city and its services, so enhancing quality of life for residents and helping businesses.

Everyday design can permeate many aspects of citizen's lives and can be used as a tool for collaboration to devise a user-friendly urban environment:

Helsinki aspires to be a design-oriented city. Using a collaborative and practical approach, Helsinki uses design as a strategic tool to improve city life (ie to develop a more human-centric city). Design has been used to improve services. For example, the New Central Library is being co-designed to take account of the perspective of different customers, while in the case of Ohjaamo (an integrated service centre for young people described above) designers challenged service providers to create novel joint services to meet young people's needs more quickly and efficiently than the separate old services.

Smart technology offers potential for residents to reorganise and enjoy greater control over their lives.

In 2013 Helsinki launched the Smart Kalasatama project, which aims to make Kalasatama a model district for intelligent city development. Kalasatama is planned to house 20,000 residents and offer work to 8,000 people when it is completed in the 2030s. The area is being developed flexibly and through piloting, in close co-operation with residents, companies, city officials and other stakeholders. The goal is to manage resources and create services intelligently using smart technology so that residents will gain an extra hour of free time every day to use as they wish (eg relaxing, studying, having more family time).

On a broader scale some cities are making commitments to making open data available as a means of increasing citizens' knowledge and understanding of the city, of fostering participation and interaction, and of facilitating the creation and design of new services and business opportunities. Data is freely available and can be used in research and development activities, decision-making, visualisation, and in the development of apps⁴.

The Helsinki Region Infoshare (HRI) service⁵, which won the European Commission's prize for innovation in public administration in 2013, aims to make regional information quickly and easily accessible to all citizens, businesses, universities, researchers and the municipal administration. It is concerned with fostering data production, accessing data, data sharing and data use. HRI provides a web service for access to open data sources between the four cities of the Helsinki Metropolitan Area as part of normal municipal operations. The service is funded by the cities concerned, the Finnish Innovation Fund (Sitra), and (in the project planning phase) by a Finnish Ministry of Finance municipality cooperation grant.

Further detail on the use of open data and developments in information handling underpinning inclusive growth strategies can be found in Section 5.

Conclusion

The examples presented here provide a flavour of the range of approaches taken by cities in fostering inclusive growth in relation to the labour market (including linking demand and supply simultaneously) and building connectivity, including enhancing functionality and quality of life. Not all are directly transferable to the UK, but many of the approaches and principles could be applied in UK cities. While the examples tend to highlight more innovative initiatives and practice, this does not mean that getting the fundamental elements of economic development policy right is not important (as discussed in Sections 6 and 7).

The economic is very important in inclusive growth. An inclusive growth strategy needs to be about more than sharing the benefits of growth; it needs to be about reshaping growth also – as illustrated by procurement policies which include elements on wage levels and sector-focused career pathway initiatives.

The examples presented here also highlight the value of looking beyond the economic to include health, wellbeing and the quality of the built environment. This suggests that a mix of people- and place-based approaches to inclusive growth is appropriate. A temporal dimension is also important, as illustrated by investment in early years now to save costs and benefit the economy later, and by initiatives that seek to improve health and wellbeing.

5 Data, evidence, monitoring and impact

This section explores how data is used in the case study cities to inform inclusive growth strategies and monitor and evaluate the progress towards the goals set out in the strategies. After highlighting the use of data to inform policy initiatives and some innovative approaches to the use of open data, we discuss the key messages from the evidence on progress to inclusive growth in the case study cities.

The use of data to inform policy initiatives

Key indicators

As indicated in previous sections, data and evidence can be an important first step in stimulating a more inclusive approach to policy-making: for example, the Portland Plan was developed as a result of evidence-based campaigning from community groups who highlighted alarming disparities in the city and used the research to galvanise support and demand policy change. Similarly, the World Health Organization's (2008) report on the social determinants of health inequalities which inspired the work of the Commission for Socially Sustainable Malmö, relied on shocking research evidence when it stated that 'social injustice is literally a question of life and death'. Indeed, indicators can be an important way of focusing policy.

The data and indicators that inform inclusive growth strategies are often relatively simple, such as statistics on labour force participation or access to early years education in a city. These indicators can be interpreted as vital signs, reflecting the overall health of the city or a neighbourhood. Collecting reliable statistical data at the city, and especially at the neighbourhood, level can be difficult and costly and the most vulnerable groups such as undocumented migrants or those working in the informal economy may be reluctant to participate in data collection exercises. Hence some key dimensions of interest relevant to inclusive growth strategies may remain hidden.

A more comprehensive and in-depth picture about the state of a city can be given by using a number of different descriptive statistics. For example, the annual social report (Sozialreport) in the City of Leipzig is more than 150 pages long, listing data which focuses particularly on vulnerable groups, such as disabled people, children, older people, those from a migrant background and refugees.

In place of such rich description, composite indicators are commonly used to inform policy-making. Creating such indicators can be methodologically challenging. For example, in Nantes a measure for calculating carbon emissions within the public procurement process was proposed but it proved too difficult to specify. The city now aims instead to focus on specific pressure points where carbon emissions are unnecessarily high – for example lorry transport.

Indicators may need to be adapted as the need for new types of data arises. As indicated in Section 4 the city of Nantes now evaluates its contracting firms by taking into account the qualitative aspects of employment conditions at the firm (for example work organisation and training provision) through 35 separate factors. The approach taken in this area had to be carefully worked out within the constraints of legislation.

Tracking social and economic change over time on key indicators is another important aspect of the use of data.

The urban planning department of the city of Leipzig developed a micro-level urban monitoring system (based on an existing tool, and funded by the federal government) to assess and understand the dynamics of the population movement from one neighbourhood to the other, especially the movement of people between the core city and the suburbs (Plöger, 2007). The information from the data analysis was fed into the city's integrated strategic plan and guided decision-making about urban renewal.

Rotterdam also relies on wide-ranging data to inform its city planning and development: it has developed a Smart City Planner (SCP). The SCP is organised around the themes of people, planet and prosperity, and includes around 100 indicators, grouped in 17 themes. The value of each indicator can be calculated for neighbourhoods: city planners can see, for example, where high electricity use is concentrated based on the total residential electrical use per capita indicator. The data can be visualised either in the form of a spider diagram or on a map. To make the complex data easy to understand, a traffic light colour coding scheme is used which shows how the indicators for a certain area of the city score against the city average or a chosen threshold. This approach helps the city to discuss and engage directly with stakeholders on specific issues and to monitor change. In 2013, the SCP was used more than 30 times when preparing action plans in a variety of policy areas ranging from water strategies to child-friendly neighbourhoods.⁶

In Cape Town the Economic Areas Management Programme (ECAMP) pulls together various data streams from the city's SAP database into a scoring matrix. The programme tracks the market performance and the long-term growth potential of each business district, and offers a diagnostic assessment of each area, giving users insight into local business dynamics, opportunities and inefficiencies, which is used to guide the spatial targeting of policy interventions. Information generated by ECAMP is also available free to the public through a web-based interactive map system, and is recommended especially to the business community.⁷ The city's marketing team also uses the programme to prepare tailored information for potential investors.

Comparing cities and benchmarking

The Brookings Institute's Metro Monitor provides a good example of comparing the rate of change in three sets of indicators describing economic growth, prosperity (standards of living) and inclusion in metropolitan areas in the US (Shearer et al, 2016) and helps metropolitan areas to benchmark and compare themselves against each other. The information is available to the public in a variety of easily accessible formats. In the UK, the Centre for Cities provides city-level analyses based on comparative indicators and a data tool is available to everyone.⁸

At the global level, the Global City Indicators Facility (GCIF), based at the University of Toronto, was established to provide a standardised system for data collection on cities. The GCIF includes a set of indicators that are standardised, consistent and comparable over time and across cities and have been developed into an ISO standard (ISO 37120). This ISO standard, 'Sustainable development of communities – Indicators for city services and quality of life', provides definitions and methodologies which enable comparison. The standardised data is available through the World Council on City Data's (WCCD) portal.⁹

Qualitative data

In addition to quantitative data, there may be a need for qualitative data to provide rich insights into aspects of city life. Examples include:

- the voice of young unemployed people living in disadvantaged neighbourhoods in Malmö is captured in interview quotes in a report describing life for young people in the city; this can create a richer description of the youth labour market than indicators alone, as can use of data collected in focus groups and panel discussions
- in Grünau, Leipzig's largest housing estate, a mixed-methods longitudinal survey focusing on the residents' perspectives and reflections on their housing conditions has been conducted in ten

waves since 1979. The most recent survey data (2015) is complemented with expert interviews, documentary analysis, photos and observations.¹⁰

Approaches to monitoring progress on inclusive growth strategies

The progress of an inclusive growth-related project or programme can be monitored by focusing on outputs. For example, the number of new housing units built in Hamburg since 2011 was used to evaluate the latest housing programme, while in labour market oriented training programmes common indicators relate to outputs such as numbers of individuals attending courses, achieving qualifications etc. For example, there are plans for the employment strategy in Barcelona to be monitored by tracking the number of job and education placements, provided that data can be shared between different agencies.

Assessing the outcomes, rather than the outputs, of a programme can be a more complex and challenging task. Outcome targets (short-term and longer term) can be used to measure the success of initiatives, such as the Portland Plan, for example its aim to increase the percentage of people who are self-sufficient from 77% in 2012 through 80% in 2017 and 90% in 2035. Similarly, the Portland Development Commission Strategic Plan defines success as reducing the number of households living in high-poverty neighbourhoods by 50% by 2020. San Antonio aimed to use indicators agreed during a consultative process to measure progress against the SA2020 community vision, but found that for some of the indicators that had been agreed in advance underlying datasets were not available, and the original list of indicators was reduced.

Using the same set of indicators in reports over time is very useful to measure progress and drive continuity in policy approaches: for example, in support of 'environmental justice' and in recognition of environmental inequities, New York is now tracking city pollution levels by district, and this tracking is likely to continue.

The use of quantifiable indicators can be less straightforward for certain programmes for which only subjective indicators are available. For example, self-reported data on wellbeing is available to monitor the success of a civic contribution initiative for welfare benefit claimants in Rotterdam. Evidence indicates that, in general, participants have better self-reported health and an improved sense of integration.

Instead of indicators, a traffic light system can also be used to evaluate the progress of a programme or strategy. For example, work towards meeting the Socially Sustainable Malmö commitments is measured using this method rather than key performance indicators with specific targets attached. In Hamburg the independent Future Council group produces an annual 'shadow' report on environmental, economic and social sustainability. Its evaluation is based on more than 30 traffic lights indicators.

The example of HafenCity in Hamburg illustrates that for a complex evaluation different types of data may be necessary, and thus different data collection methods have to be used. A variety of evaluation measures are used in HafenCity (see Section 4 for a summary of this project) while the development project is still underway. The development is closely monitored through surveys on the use of public space, qualitative interviews with residents and ethnographic research on the use of public spaces as encounter spaces as well as an ongoing study on young people who moved to HafenCity as children.

Other important issues around monitoring and evaluation include the timeframe for evaluation: in the Portland plan five-year plans are set out to collect data on disparities and on 'what works' in tackling these disparities and assessing the equity impacts of policies.

Finally, the question 'who is involved in the evaluation?' is also relevant. For example the expert members of the Commission for Socially Sustainable Malmö who were involved in drawing up the initial report are not involved in the evaluation.

Monitoring and evaluating programmes and strategies may produce significant bureaucracies. In New York, the Mayor's Office of Operations is responsible for following up and reporting on all the mayor's commitments. The taskforces meet monthly and these meetings are an important way of achieving policy integration. In Helsinki, Malmö and Leipzig the monitoring of different programmes is carried out primarily by the city administration. In Hamburg, the large-scale HafenCity and IBA Hamburg projects have been designed in a way that puts great emphasis on evaluation and reflection.

However, it is important to keep in mind that even if a programme aimed at reducing inequalities is successful in meeting its targets, this does not necessarily have a positive impact on the overall level of inclusion in the city. Conversely, the reduction of inequalities in a given city may not always be attributable to the relevant programmes or strategies.

Future prospects

As discussed above, several case study cities share local level data between different parts of city administrations and their partners, and in some cases with the public, in easily accessible formats, including online. Some cities go further and share raw data with the public (as outlined in the cases of San Antonio and Helsinki – see also Section 4 for the latter).

In San Antonio a data dashboard¹¹ has been launched to keep residents informed of progress of SA2020 in 'real time' and to encourage them to get involved. The launch of a shared data network between the city government and the non-profit and other sectors has been another crucial step in San Antonio: Community Information Now (CI:Now) provides not only the data but also the tools to turn data into local information that local communities can use to improve their wellbeing. The CI: Now initiative goes beyond data sharing as they promise to 'find, collect, link and analyse, and visually display the data that our neighbours need to improve neighbourhood and regional conditions' (CI:Now, 2016).

'Open Helsinki' refers to transparent decision-making and leadership but also the implementation of new digital services based on the use of open data (information and records, electronic archiving systems of the city).

Open data is a philosophy in which the collaboration between the public sector, citizens, web developers and other users is nurtured and made more efficient to produce greater common good. It is a means of increasing citizens' knowledge and understanding of the city, of fostering participation and interaction, and of facilitating the creation and design of new services and business opportunities – in a context where, in the words of one interviewee: 'to connect to the internet is more or less a human right'.

Before data is made accessible to the public, it has to be checked and datasets from different agencies often need to be merged – this helps break down silos in the administration, although the data remains the responsibility of the organisation that has gathered it. The data available is mainly statistical, providing information on city budgets, living conditions, economics and wellbeing, employment and transport, and much of the material provided is Geographic Information System-based.

In addition to statistical data, the system for handling the agenda items, minutes and the debates of Helsinki City Council are also available to the public via a web-based interface; (an independent software developer has created a smartphone app for it, making it very easy to keep up with the decisions of Helsinki's leaders).

The data can be used in research and development activities, decision-making, visualisation, and in the development of apps.¹² There are no limitations on users. A successful and profitable example for using the open data is the BlindSquare smartphone app, which helps blind people move around Helsinki. An app developer took the Helsinki region's data on public transport and services, and combined it with location data from the social networking app Foursquare as well as mapping tools and the GPS and the artificial voice capabilities of smartphones. The product now works in dozens of countries and languages.¹³

Some of the cities/metropolitan areas discussed in this report, such as Helsinki¹⁴ and Hamburg, have their own statistical offices which collect and publish detailed local data (including in English).

Key messages arising from the evidence on progress to inclusive growth

The development and selection of indicators is of crucial importance for the inclusive growth strategies: indicators embody values, and as one interviewee suggested the fact that something is

being measured 'must mean that it is important'. Furthermore, indicators may help to get residents and stakeholders to accept the 'same set of facts' to help ground and guide discussion.

The importance of good underlying data and intelligence to inform strategy, develop indicators and measure progress cannot be overestimated. Data and indicators are also crucial when neighbourhoods, cities or metropolitan areas are compared, with or without including the dimension of time. Meaningful comparison, whether over time, or across cities, is only possible if comparable data exists and is made available to city leaders, partner organisations and the public.

The issue of comparability is also relevant at a more abstract level: given that inclusive growth and social inclusion/exclusion can be conceptualised in various ways (eg as a 'state' or as a 'process') and different types of data can be used to substantiate claims about social inclusion. At the same time, including new indicators can lead to a change in concepts, such as growth and sustainability. In Hamburg, environmental pressure groups first extended the concept of growth through analysing indicators describing the environmental impact of economic growth and creating the concept of sustainable growth. In a subsequent shift, the concept of sustainability was extended further to encompass the social. A possible method of analysing these underlying shifts is to look at the changing sets of indicators used to describe growth.

Comparing the different policy domains of inclusive growth strategies across the case study cities, it appears that relatively quick progress can be achieved in reducing crime (San Antonio), increasing the labour supply through providing affordable services such as child care (Hamburg) and by linking people to jobs through improving infrastructure and public transport services – either within cities linking disadvantaged neighbourhoods to areas of opportunity (as in Nantes) or at a broader sub-regional scale (as in the case of the Öresund Bridge which served to bring together the labour markets of Malmö and neighbouring areas in Sweden and Copenhagen in Denmark into a broader functional region).

Conclusion

The examples in this section illustrate that information derived from good quality, up-to-date data is key to analysing and understanding a range of issues around economic growth and equality/inclusion in cities. Data, often presented in the form of indicators, can be the basis on which within cities 'epistemic communities' are formed and the need for change is articulated: inclusive growth strategies cannot be designed without such communities. Access to data and information about their own environment is essential for citizens who want to participate in local decision-making in a meaningful way and that is why open data initiatives, such as those in Helsinki and San Antonio, have the potential to empower citizens.

Data is also central to evaluating the progress and impact of inclusive growth initiatives and determining whether they have the desired effect on a neighbourhood or the city as a whole. This section has highlighted the difficulties inherent in comparison: not only between neighbourhoods and cities but also between inclusive growth strategies and policy initiatives, which are necessarily complex and context dependent.

6 Principles of inclusive growth

This section draws out 10 key principles for policy concerned with inclusive growth. The principles relate to economic growth as a means to achieve inclusion and shared prosperity, with growing and shaping the labour market combining a demand-led strategy to achieve high-quality jobs with links to labour supply as a central component, coupled with investment in good quality services so that poverty matters less. Further underpinning principles relate to innovation, leadership and citizen engagement, and ensuring economic development fundamentals are in place across geographical scale and policy domains (see Figure 7). The ten principles are set out in Table 4 and then outlined in turn.

Figure 7: Overview of principles of inclusive growth

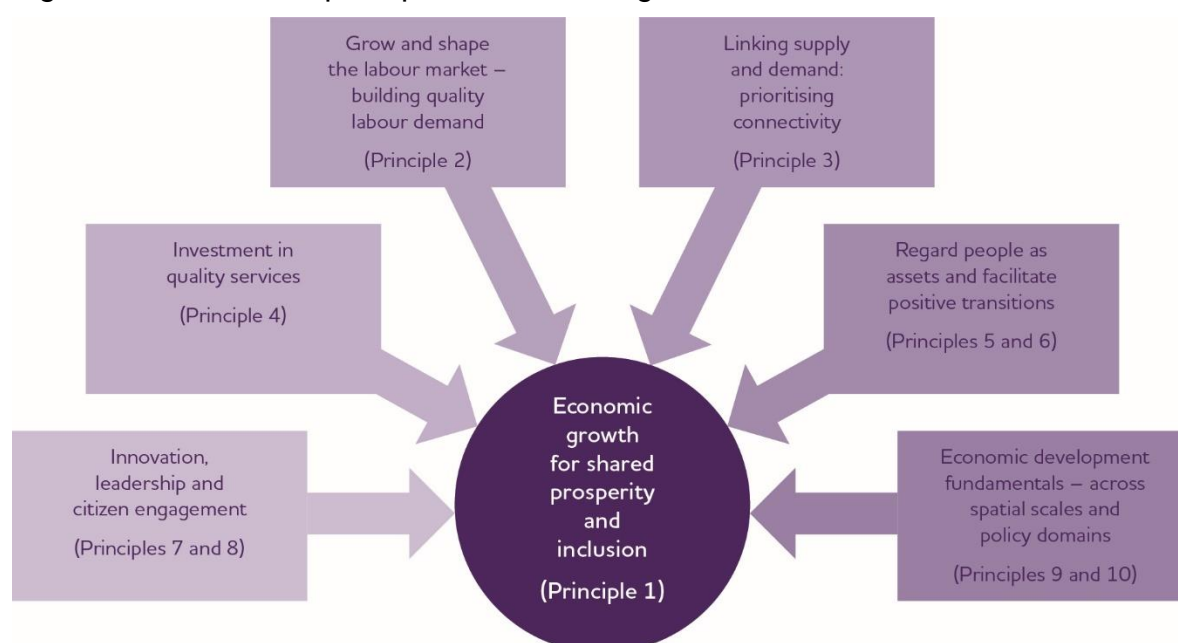


Table 4: Ten principles of inclusive growth

| Category | Principle |
|--|---|
| Economic growth as a means to achieve inclusion and shared prosperity | See economic growth not as an end in itself but as a means to achieve inclusion and shared prosperity |
| Grow and shape the labour market – building quality labour demand | Be prepared to proactively shape the labour market and build quality jobs |
| Linking supply and demand: prioritising connectivity | Prioritise connectivity and expand social networks so they are less exclusive |
| Investment in quality services | Make poverty matter less in accessing good quality city services |
| Regarding people as assets and facilitate positive transitions | View people as assets and invest in them at the outset and at key points in their lives |
| | Reduce the risk of transitions by providing safety nets at key junctures |
| Innovation, leadership and citizen engagement | Be prepared to innovate and create opportunities for shared leadership |
| | See citizen engagement as a way to generate knowledge from the bottom up |
| Economic development fundamentals – across spatial scales and policy domains | Get the fundamentals right (at national and local levels) |
| | Focus on small incremental changes as well as large 'flagship' schemes |

Principle 1: See economic growth not as an end in itself but as a means to achieve inclusion and shared prosperity

It is clear from Section 2 that there are different definitions of inclusive growth and that cities use a variety of different related concepts and associated terminology when working to better link growth with inclusion. One approach is to concentrate on disseminating the benefits of economic growth more equally, but in many of the case study cities a broader view has been taken. This is exemplified by the fact that in Malmö a reduction in health inequalities and social sustainability are key long-term objectives, and in Helsinki human-centric principles and everyday design guide development, while in Portland the strategic plan embraces economic, social and physical planning objectives.

Principle 2: Be prepared to proactively shape the labour market and build quality jobs

Despite variations in how inclusive growth is conceptualised and inconsistency in labelling associated with it, there is agreement that the labour market is a crucial mechanism for achieving inclusive growth. While there are important differences between the case study cities in the relative emphasis on demand-side versus supply-side approaches, which is partly explained by the underlying welfare model,¹⁵ raising and modifying labour demand – coupled with better matching with supply (as discussed below) – is a key principle for inclusive growth. In the various US case studies – and especially in New York and San Antonio – a distinctive feature is a focus on demand-led inclusion through sector-focused economic growth (particularly the promotion of middle-wage employment in sectors such as advanced manufacturing and health) and the use of formal career pathway programmes to link people to in-demand jobs which they have the capability to do (with the necessary training and support) and which provide good opportunities for progression. The emphasis on high-quality vocational education and training and apprenticeships in Germany operates in the same general direction.

To some extent involvement of anchor institutions in employment strategies and the use of social clauses in procurement strategies may be seen as part of a general direction of travel towards better integrating supply with demand. By comparison with several of the case study cities, some UK cities can appear relatively passive in this regard. In Nantes, for example, there is a highly developed public procurement policy, while in Barcelona job quality is increasingly a concern in such policy.

Principle 3: Prioritise connectivity and expand social networks so they are less exclusive

In terms of connectivity several strategies were prioritising aspects of physical planning to enhance links between homes, jobs and services. Densification of housing (which is advantageous for the economics of public transport provision) and housing affordability are key concerns here, with some international cities implementing rent controls. In Hamburg, for example, particular attention is also being placed on the physical proximity of housing and jobs. Some cities are using big data on use of transport networks alongside administrative data and other research to inform planning for better urban connectivity.

While several of the strategies were linking demand- and supply-side policies, conventional supply-led inclusive growth policies focus on reducing poverty by improving labour supply and labour engagement in themselves. In Malmö and Helsinki in the Nordic countries there is a tradition of free post-compulsory education for all and an emphasis on high-level skills in providing protection against exclusion. Yet relatively high levels of unemployment prevail, which in turn has led to growing emphasis on provision of enterprise skills. The extent of labour market regulation is also an issue: the Nordic labour markets are relatively highly regulated leading to the creation of ‘insiders’ for whom collective bargaining arrangements involving employers and trade unions have assured relatively high-quality jobs, and ‘outsiders’ who are locked out. In such a context where entry to the labour market is highly regulated and standards for labour market entry are set at a high level, investment in the supply-side is crucial. This is especially so for ‘new arrivals’ where there may well be a special need for investment in language skills, but also for other groups facing labour market disadvantage.

Expanding social networks so that people are less likely to be excluded is one means of tackling challenges faced by outsiders in accessing employment and associated opportunities.

Principle 4: Making poverty matter less – ensuring equal access to good quality services

Rather than focusing exclusively on economic growth as a means of reducing poverty, some cities are trying to make poverty matter less by making city services more accessible. They are trying hard to

better understand what it is like for individuals to live in a city, and to use city services every day, while attempting to make city living easier.

The concept of 'complete neighbourhoods' in Portland (outlined in Section 5) is illustrative of this principle, in that it takes into account the fact that spatial arrangements matter in people's everyday access to shops and services. A drive to densification (in cities such as Hamburg, San Antonio, Seoul and Cape Town), and a focus on creating a more polycentric urban structure (for example in Portland and Leipzig), is indicative of a similar principle: creating more walkable cities that give people better access to both city services and jobs. Investment in transport infrastructure, and supporting 'transit-orientated development', represents a different way of achieving connectivity for all, with such an approach being particularly effective when coupled with an emphasis on affordability.

In Helsinki it is recognised that 'time' is a resource that is perhaps as important to some people as income. People struggling with many responsibilities are often particularly time poor and this can then impact on access to opportunity. Hence the initiative to design services to provide extra time for residents in one area of the city, and the more general approach of embedding everyday design throughout aspects of city planning (outlined in Section 5).

Principle 5: View people as assets and invest in them at the outset and at key points in their lives
In planning strategies and interventions, it was also evident that the case study cities were taking into consideration individual timescales and trajectories. For example, a common theme across many of the city strategies is a desire to integrate city services to create pathways of support for individuals over a sustained period of time as opposed to delivering fragmented one-off investments.

In the US there is an increasing commitment to support people 'from cradle to career', while there are frequently strategies to create more intense support during key transition points in the lifecycle (eg school to work transitions).

Principle 6: Reduce the risk of transitions by providing safety nets at key junctures

A recurring theme across the case study cities concerns rebuilding agency: moving from terms such as poverty and exclusion to self-sufficiency and community wealth building. So in a number of cities, there is an emphasis on helping people to break out of cycles of passivity through self-efficacy, thus empowering people to help themselves. While in Portland people have to use an online tool to plan their future prosperity before qualifying for training, in Rotterdam, social welfare recipients a long way away from the labour market are expected to organise their own volunteering or civic contribution with city support. Alongside this is a sense of social welfare not being an unconditional right.

There is, however, an awareness in cities such as Rotterdam that self-betterment often requires taking risks – such as coming off benefits into an uncertain labour market – and a recognition of the importance of the public sector 'de-risking' such transitions through 'covering people's backs' as they take steps towards greater prosperity (eg through preserving benefits when people first become entrepreneurs) and providing shared platforms to help them engage in activities such as microfranchising. This relates to the idea of 'de-risking' people's investments in helping themselves.¹⁶ In a similar vein, in Germany national welfare reform in the 2000s means that paid work and drawing benefits can be combined to some extent, while in the UK Universal Credit may be seen as having a similar de-risking principle.

Principle 7: Be prepared to innovate and create opportunities for shared leadership

Across the city case studies there are different models of leadership (as discussed in Section 3). No single model of leadership has a monopoly on success.

It has been suggested that innovation is most likely to take place in the zones of overlap between the different realms of leadership. In some cities formal opportunities are created for such overlap, but overlaps will take place informally in so-called soft spaces (Haughton and Allmendinger, 2008; Adam and Green, 2016). Hence it is important that stakeholders have spaces and opportunities for innovation and experimentation.

Principle 8: See citizen engagement as a way to generate knowledge from the bottom up

The city case studies yielded some different approaches to formulating visions and strategies. In the US – notably in Portland and in San Antonio – a broad-based participation approach was taken. In

both cases there was a clear intention from the outset to capture the views of different sub-groups within the population and among residents in different parts of the city. By contrast, in the case of Malmö a group of experts – albeit from different backgrounds and with different interests – led in formulating a strategy for social sustainability. In Cleveland, Portland and several of the other case study cities, emphasis was also placed on rigorous analysis of secondary data to map the distribution of, and help to gain insights into, the causes of underlying socio-economic problems.

Overall the evidence from the case studies suggests that blending of participation/broad-based consultation and expert analysis of existing data sources is the appropriate approach to generating information and intelligence to inform strategies and policies. There also appears to be a trend towards placing greater priority on co-creation in developing policies and designing initiatives, to take account of residents' lived experiences.

Principle 9: Get the fundamentals right (at national and local levels)

The extent and nature of devolution to city level varied between case study cities – but in general they have more powers (and resources) at their disposal than UK cities.

In considering the variable nature of devolution, national context matters, as does the geography of the city in question and its location in relation to other cities in the same sub-region/region. Most case study cities were working at intra-urban, municipality and wider metropolitan region levels. In this multi-level governance context a key challenge is removing as much of what one interviewee termed 'jurisdictional junk' as possible, and then clarifying roles and responsibilities for planning and managing initiatives in specific policy domains.

It is clear that national and regional governments have a role in building inclusive growth alongside cities and that a multi-level governance approach is probably required. For example, in the case of the Nordic and German cities in particular, more innovative investments by the city are being supported by more fundamental national-level policy principles – such as free adult education and rent controls. At the same time it is crucial that the local agencies of national policy departments have enough flexibility to contribute to inclusive growth strategies being planned locally.

Principle 10: Focus on small incremental changes as well as large 'flagship' schemes

Policy initiatives need not necessarily be deemed innovative or at the cutting edge of smart data/technological developments to be important. For example, incremental investing in upkeep of public services and spaces, and ensuring that they are accessible to people whatever their income, is important. By way of illustration, The Young Foundation recently highlighted the continuing importance of public benches in creating 'sociability for free'.¹⁷ Integrated ticketing to facilitate use of public transport is another example of a somewhat less glamorous policy which will nevertheless have important outcomes.

Unfortunately less visible and less glamorous actions may be vulnerable to cuts/a lack of investment at a time of austerity, yet they are as, if not more, important to the foundations for inclusive growth and lived experience in cities as large flagship schemes.

7 Learning for UK cities

This section sets out specific learning points for the cities in the UK – in the short term and the medium/longer term. The section is set out according to the themes and principles discussed in Section 6.

Context

Three key points about cities in the UK regarding the international case study cities reviewed in this research and the prevailing UK policy context are of relevance when considering policy transfer:

- the pace of institutional and policy change tends to be speedier and the amount of associated clutter in the UK tends to be greater than in most other countries
- even though there has been some devolution to cities in the UK (especially through mechanisms such as city deals which are predominantly focused on economic growth) the UK state remains very centralised
- the opportunities for UK cities to levy monies locally for investment in inclusive growth are limited.

As a result UK cities tend to have less autonomy to take charge of their own destiny than the international case study cities.

There are also further questions as to whether place-based solutions to issues raised by inclusive growth are appropriate, and/or whether it is a case of responsibility having been shifted to the city alongside an overall diminution in resources.

These key points applied before the referendum on UK membership of the European Union (EU) in June 2016. Following the majority vote for the UK to leave the EU there has been – and will continue to be – considerable economic and political uncertainty because of Brexit. This uncertainty extends to the future of the European Social Fund beyond the end of 2018. Moreover, UK economic growth prospects have been downgraded in the wake of Brexit, and the pound has lost value in international currency markets, with implications for costs of imports and exports.

The fallout from the EU referendum included a new Prime Minister taking up office and some reorganisation of responsibilities at departmental level. Whether and how policy regarding the devolution of greater responsibilities to cities might change is unclear. However, there is a case, at a time when the UK government has a wide range of issues to deal with regarding Brexit and its consequences, that cities and local areas should be empowered to devise or deliver policy on industrial strategy, and that national government should work closely with city region institutions and stakeholders to raise business demand for, and ensure an appropriate supply of, skills.¹⁸ The EU referendum results revealed important cleavages within the UK electorate – on age, education, social class and geographical lines – making the pursuit of inclusive growth ever more important, as highlighted by Theresa May in her speech regarding ‘Britain being a country that works for everyone’ when she became Prime Minister (May, 2016) (see Section 1). The announcement in October 2016 of an Inclusive Economy Unit in the Department for Culture, Media and Sport with a cross-government mandate to promote better ways of working between the public, private and social sectors, and harness the energy of social entrepreneurs and social innovators, also emphasises the need for an economy that ‘works for all’.

Learning points and possibilities for action

Key learning points and details of possibilities for action, including policy tools, are set out in Table 5. They are organised in accordance with principles 2– 8 set out in Section 6. There is some overlap between the topics presented, but the approach has involved distinguishing more, rather than fewer categories. UK cities are taking some action already – but there may be scope for more intensive activity/greater impetus. A distinction is made between activities that can be undertaken now (using existing powers at city level) and those that it may be possible to undertake in the short-/medium-term future (including as more powers become available to cities).¹⁹

Principle 1, Economic growth as a means to achieve inclusion and shared prosperity, is excluded from Table 5 given its overarching nature. Likewise, principles 9 and 10 are excluded from the table because they are about the fundamentals of economic development and ensuring coherent governance arrangements. They highlight the importance of focusing on the essentials of economic development, rather than just focusing on more glamorous strategies, and as such there are unlikely to be specific policy tools associated with them.

Table 5: Possibilities for action at city level

| Theme: Shaping the labour market | | | | | |
|--|---|--|---|---|---|
| Principle 2: Be prepared to proactively shape the labour market and build quality jobs | | | | | |
| Topic | Policy tools | Case study examples | Opportunities for UK cities | Challenges for UK cities | Timeline |
| Identifying and developing sectoral comparative advantage. | Sectoral analysis to identify globally competitive sectors where the city has a comparative advantage and development of policy tools to capitalise on such advantage. | San Antonio | Renewed focus on industrial strategy provides a contextual opportunity for focus on identifying and supporting key sectors at national and city levels. | Spatially uneven nature of sectoral comparative advantage between cities. Limited amount of investment (including footloose inward investment) available. Potential impact of Brexit on trade and investment decisions. | Policies can be implemented now, without additional powers. |
| | Implement cluster-focused policies, focusing on sectors with local employment concentrations offering growth prospects (and quality jobs – see below). | Hamburg Portland | Use city deals/'devolution asks' to build investment and/or capabilities in sectors of potential advantage. | | |
| | Targeted inward investment focusing on sectors offering job opportunities matching local skills and including middle-wage jobs, including to strengthen local industrial specialisations. | Leipzig (particular focus on manufacturing) San Antonio (filling gaps in local industrial specialisation) | Continue work with combined authorities/LEPs to find opportunities for sectors with tradeable advantages, job openings for local people and opportunities for progression into quality jobs (also see below). Local authorities and partners to continue to provide services for inward investors/relocating companies. | | |
| | Providing premises/space for urban manufacturing. | New York | Plan for employment land to meet requirements of targeted sectors – and new ways of working. | | |

| | | | | | |
|-------------------|---|---|--|--|---|
| Job quality focus | Identify middle- and high-wage jobs and support them through skills and employment policy and economic development supports (including local growth and inward investment). | New York San Antonio Cleveland | In general a relatively under-developed area – but renewed emphasis on industrial strategy opens up the possibility of exploiting a sectoral focus. Scope for further promotion of employer charters. Universal Credit highlights the importance of sustainable employment and progression. Scope for extending use of the voluntary Living Wage as a means of enhancing job quality and empowering workers, alongside raising productivity. The National Living Wage ‘raises the floor’ for the lowest paying jobs. | General lack of quality bridging institutions; trade unions – which can be at the forefront of implementation – are quite weak in many sectors. Company business models based on low costs and low skills would need to be challenged. Emphasis on rapid attachment to the labour market can be an issue in circumstances where there is a lack of support for progression when in work. | Scope to work on now and in the future |
| | Promote employer charters for quality employment. | Barcelona | | | |
| | Retargeting public employment services, with some shift from rapid attachment to the labour market to a focus on sustainable employment. | New York | | | |
| Career ladders | Identify and implement career ladders – especially in high demand occupations and sectors. | San Antonio Cleveland (especially for anchor institutions and a focus on the health sector) | New responsibilities for skills at local level provide opportunities to work locally with private sector skills providers, FE, HE and employers/employer organisations. Work with anchor institutions to promote skills development. Focus on apprenticeships – especially higher apprenticeships. Integration of social care and health services opens up opportunities for career ladders. | Reorganisation of FE sector in light of area reviews means attention may be focused elsewhere. Resource constraints around employer engagement, but also overlaps in activities of organisations seeking to engage with employers. Limited intelligence on employer requirements. | Work can be done now and the reach of career ladder policies increased in future in the light of evaluation and learning. |
| | Target training on jobs offering opportunities for career development and good pay. | | | | |
| | Anchor institutions supporting disadvantaged residents in accessing opportunities in key sectors (eg health). | | | | |

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| Public procurement | Insert clauses in contracts relating to the quality as well as the quantity of work opportunities – eg through stipulating minimum salaries, and through using weighting criteria relating to the quality of the working environment. | Barcelona (minimum salaries) Nantes (quality of work environment) | Continue/expand procurement and work on social value building on existing good practice examples to include more emphasis on job quality and the quality of the work environment – including through working in partnership with anchor institutions. The voluntary Living Wage can be used in procurement (and other policies) as a focus for raising job quality. | Deriving and agreeing appropriate weighting criteria in new procurement/social value arrangements (especially given the lack of a national level steer on how much emphasis should be placed on social value). Managing procurement activities in the face of local budget constraints (as in the social care sector). Potential difficulties for national-level organisations in working with greater local variation in expectations and requirements. | Procurement and social value already accepted for main contractors and supply chains – scope to broaden activity now and in future. |
| | Role of anchor institutions in providing critical mass to enhance public procurement. | Cleveland | | | |
| Prosperity planning | Defining what constitutes a quality job and an adequate income – taking account of local living costs and individuals' circumstances. | Portland (prosperity planner) | Expand 'better-off calculations' to take account of longer-term prosperity, and (where feasible) of variations in living costs. | Universal Credit may encourage take-up of additional poor quality jobs to reach income thresholds, rather than focusing on enhancing the quality of jobs. Shortcomings in the quality of the evidence base to derive local living costs. | Now and in the future. |

Theme: Linking supply with quality demand: prioritising connectivity

Principle 3: Prioritise connectivity and expand social networks so they are less exclusive

| Topic | Policy tools | Case study examples | Opportunities for UK cities | Challenges for UK cities | Timeline |
|-------------------------------|--|-----------------------------|---|--|--|
| Housing | Densification of housing, including combining affordability with access to employment (and training) opportunities. | Hamburg | Continue to consider benefits of housing densification, coupled with good design. Some housing associations are focusing greater attention on employability and support with building accessible services such as childcare to help residents access employment. | Rents are generally left for landlords to fix (raising issues of housing quality and security of tenure in the private rented sector). Unaffordability of housing in high-cost cities. Cost of housing may be at a premium in more accessible areas within cities. | Can implement densification policies now; rent controls would require legislative changes. |
| | Caps on rents to facilitate housing affordability. | Hamburg Leipzig Malmö | | | |
| | Community wealth building – helping people to crowdfund new housing investments with minimal (individual and shared) risk. | Portland | Use of peer-to-peer lending platforms for investment in housing. | Crowdfunding/peer-to-peer lending is potentially risky, so it requires public investment to guarantee returns/no loss of income for the private investor. | Now and in the future. |
| Physical/ spatial planning | Local authorities delegating power to the metropolitan level to develop growth and inclusion policies in parallel. | Nantes Helsinki | Combined authorities and city deals open up opportunities for enhanced joint working at city-region scale. Continue to take account of the spatial configuration of homes, workplaces and services to facilitate opportunities to provide viable public transport systems. Invest in transport systems and better configuration of services for ease and efficiency of use (eg integrated ticketing) and connectivity requirements; using | Land availability in some areas. Planning restrictions in some cases. Bus privatisation (in some areas) means that transport integration is more difficult (but not necessarily impossible). Funding constraints for investment in research | Scope to make inroads now. More resources likely to be needed in the future. |
| | Implementation of land use planning policies recognising the importance of good transport systems, but also green spaces. | Portland | | | |
| | Mapping of the location of welfare recipients, entry-level job opportunities and existing public transport systems in order to inform re-routing of transit systems to | Cleveland | | | |

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| | deliver enhanced connectivity. | | additional responsibilities around transport conferred on some cities through devolution. Use of big data to help understand city dynamics and inform decision-making. Academic evidence ²⁰ is increasing on the influence of spatial layout in urban areas on health (walkability), crime, inclusion, and economic development – eg through the discipline of ‘space syntax’ devised by University College London. The lessons from this research could be applied more broadly. | and capital investment in infrastructure. | |
| | Implementation of an urban monitoring system to help understand dynamics of population movements to guide policies to enhance connectivity. | Leipzig | | | |
| | Intelligent built environment design based on big and shared data on how spaces are used. | Helsinki Hamburg | | | |
| | Developing ‘complete neighbourhoods’. | Portland Leipzig | | | |
| | Integrated ticketing between transport modes (and operators). | Nantes Seoul | | | |
| Social networks | Use of social enterprises, partnership working and co-location of service providers and support organisations to provide opportunities for ‘outsiders’/‘new arrivals’ to expand their social networks. | Malmö | Co-location of services in multi-use hubs provides opportunities for residents from different backgrounds to come together. DWP disinvestment in estates provides impetus for co-location of Jobcentre Plus offices with other partners. | In terms of recruitment opportunities it is often difficult to find out where and how different companies and organisations recruit, making it difficult to navigate the labour market and expand social networks (particularly for ‘outsiders’). | Initiatives such as these could be implemented now. |
| | Tackle ‘insider networks’ in accessing internships by implementing a common ‘welcoming companies’ website for advertising internship opportunities. | Nantes | | | |

Theme: Investing in quality services

Principle 4: Making poverty matter less – ensuring equal access to good quality services

| Topic | Policy tools | Case study examples | Opportunities for UK cities | Challenges for UK cities | Timeline |
|-------------------------------|--|-------------------------|---|--|---|
| Health and care | Placing health improvements and overcoming health inequalities at the heart of city strategies. | Malmö | To integrate health indicators into city strategies. | Constraints on funding for quality prevention and treatment services. | Action can begin now, but future work is likely to require greater investment in health services. |
| | Integrating health and social service provision (at metropolitan area scale). | Helsinki | Policy direction towards integration of health and social care. Health and wellbeing boards provide a contextual opportunity. | | |
| Smart technology | 'Micro-adaptations' that help to make city services more 'human-centric'. | Helsinki | Better use of smart technology for human-centric design. | Barriers to sharing of data. Cost of investing in infrastructure to make open data more widely available. | Now and in the future |
| High-quality 'basic' services | 'Practical everyday life' – improving infrastructure, including transport, housing and the 'living environment'. | Helsinki-Uusimaa Region | To highlight the wellbeing aspect of inclusive growth. Further exploration of areas at particular risk of disconnection from employment and housing areas in cities (see Rae et al, 2016). Analysis of enduring issues in cities of poor accessibility associated with spatial layout, in order to invest in infrastructure where it will make the most difference. | Cost of investing in infrastructure. | Now and in the future. |

Theme: Regard people as assets and facilitate positive transitions

Principle 5: View people as assets and invest in them at the outset and at key points in their lives

Principle 6: Reduce the risk of transitions by providing safety nets at key junctures

| Topic | Policy tools | Case study examples | Opportunities for UK cities | Challenges for UK cities | Timeline |
|----------------------|---|------------------------|---|--|---|
| Education and skills | Invest in early intervention: levy a sales tax to fund pre-school education, targeted at working poor families who are excluded from existing support programmes. | San Antonio Hamburg | General acceptance and recognition of the importance of investment in early years (and school) education. | Lack of mechanisms for additional local revenue raising. National drivers and centralisation of the school system (in England). Academies lie outside local authority control. | Some progress can be made now, but a step-change is likely to require greater powers and resources. |
| | Investment in apprenticeships – including links to clusters. | Hamburg | Greater emphasis in policy in the UK on apprenticeships – including the introduction of the apprenticeship levy. | Attaining buy-in from employers and individuals. | Action can be taken now. |
| | Links to schools – including getting children involved in key sectors through lectures and visits, and work experience opportunities. | Hamburg | Recognition of, and emphasis on, the role of work experience and work-based learning in fostering positive labour market transitions in the UK – including building on existing work in this area (eg Business in the Community, 2015). Employer involvement in LEPs and other local partnership arrangements linking education, skills and economic development. | Recent decrease in employer investment in training in the UK; coupled with some resistance by individuals to loans. | Some action can be taken now. |
| | Investment in work-based learning. | | | | |

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| | Linking work-based training to quality jobs (as measured by wages). | San Antonio (Project Quest). Portland (use of the prosperity planner') | Investment in labour market information and guidance to inform career directions and training investment decisions (eg LMI for All ²¹) and associated initiatives to make labour market information more accessible to users). | Limited face-to-face advice available, and a paucity of guidance for those in work seeking to change jobs/careers and find out about available opportunities. | Action can be taken now and in the future to continue investment in guidance tools. |
| | Provision of high-quality free education – at all levels. | Helsinki Hamburg Leipzig Malmö | | In the UK the current direction of travel is for learners and employers to bear the costs of education. | Would require a change in policy. |
| | Intensive support for host country language learning for refugees and immigrants – to facilitate integration into the host society and into employment. | Malmö | The importance of English for integration into society and employment is recognised. | Funding constraints on English for Speakers of Other Languages (ESOL) provision. | Expansion of language services would require more resources. |
| | Future-proofing education and skills for the 21 st century labour market – with a particular emphasis on personal leadership. | Rotterdam | There are opportunities to invest in the development of 21 st century skills beyond the classroom – eg in sports activities. | There is limited space in school curricula to devote to development of such skills. | Action can be taken now and in the future. |
| People as an asset | Promote self-sufficiency and empowering people to take back control. | Portland | Explore alternative ways (other than conventional paid work) for people to make a positive contribution to society | Operations of benefits system might hamper new approaches | Action can be taken now and in the future. |

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| | De-risking transitions eg supporting residents to make a contribution (and reduce reliance on benefits) through provision of infrastructure/ platforms services to enable them to contribute to society and promote their own wellbeing through volunteering and/or to participate in the 'gig economy'. | Rotterdam | Explore further use of shared platforms to facilitate volunteering, microfranchising etc, at city-wide level. | Identifying funding to invest in such initiatives. | |
| Encouraging enterprise | Promotion of social enterprise – especially for particular sub-groups and in particular areas; including through the use of third sector public partnerships to complement other labour market initiatives in the city. | Rotterdam Cleveland (social enterprise and worker co-operatives linked to anchor institutions). Malmö (third sector public partnerships) | General acceptance of the role of social enterprise (highlighted in the establishment of the Inclusive Economy Unit based in the Office for Civil Society at the Department for Culture, Media and Sport) as playing an important role in inclusion and in the labour market more generally. Continuing role of voluntary sector in promoting enterprise for young people/adults not currently in employment (eg enterprise activities of The Prince's Trust and others). Creation of local enterprise hubs and embedding of enterprise in further education and higher education courses. Universal Credit – can work and earn benefits. | Fear of sanctions may mean benefit claimants are reluctant to take risks in starting a business. In some cases enterprise may be associated with very low wages. | Action can be taken now. |

Theme: Innovation, leadership and citizen engagement

Principle 7: Be prepared to innovate and create opportunities for shared leadership

Principle 8: See citizen engagement as a way to generate knowledge from the bottom up

| Topic | Policy tools | Case study examples | Opportunities for UK cities | Challenges for UK cities | Timeline |
|-----------------------|--|--|--|---|------------------------|
| E-governance | Integrated open data services across the metropolitan area. | Helsinki (Open-Helsinki) | Investment in broadband provides opportunities for consultation. | Unrepresentative participation – difficult to reach some groups | Now |
| Using evidence | Gathering evidence by including experts and considering links across policy domains (eg between inequality and health) and formulating action points on the basis of the evidence. | Malmö (The Commission for Socially Sustainable Malmö) Leipzig | Working in partnership with universities, other local authorities, other stakeholders to make best use of available evidence. | Shortcomings in data at local level – small sample sizes in some areas; lack of good quality longitudinal information; barriers to data sharing | Now and in the future. |
| | Supporting community based activists to carry out relevant research which reveals the problems and consequences of exclusion. | Portland | Expand use of co-design in collecting evidence and formulating policy. | Ensuring quality of evidence gathering/ training of local community researchers. May be issues of data reliability. Relatively small scale of much existing work. | Now and in the future. |
| Listening to citizens | A permanent unit in the city administration/a partner agency organising consultative events around urban development, and fostering linkages with neighbourhood management teams. | Leipzig (a unit in the central administration works with neighbourhood management teams). San Antonio (large-scale consultation exercise involving a wide range of people across the city). | Build on existing approaches surveying city residents/seeking testimony from service users. Expand/experiment with more/different approaches. | Surveys and initiatives seeking citizens' views may be particularly vulnerable to spending cuts. | Now |

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| Dedicated funding for 'good ideas' | Setting aside dedicated funding/strand of the city budget to implement ideas/projects suggested by local citizens. Linking local projects to national/federal initiatives. | In Leipzig the initiative 'Thinking Leipzig ahead' involved citizens in future-oriented urban development. The consultation was financed from dedicated federal funds. The recommendations fed into the city's Integrated Development Strategy. Elsewhere (not among the city case studies) Paris has set aside 5% of its city budget for ideas generated and then voted on by its citizens (often to solve small-scale but longstanding local problems). | <p>Establish a fund to pump-prime public participation in generating new ideas. Use of innovation funds to test new ideas (as exemplified by the work of Nesta²²).</p> <p>Set aside part of the city budget for ideas generated by citizens.</p> | Finding resource; setting ground rules for initiatives/experiments to take forward. | In the future |
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Key priorities for action

It is difficult to identify universal priorities for action for UK cities given that they face somewhat different contexts, opportunities and challenges, and, at least to some extent, will have different experiences of implementing policy actions. Nevertheless, on the basis of international experience and actions in the UK, three key priorities include:

- *Paying greater attention to the demand-side of the labour market* – to grow and shape the profile of local employment opportunities, including middle-skill jobs which provide opportunities in their own right and facilitate opportunities for progression (see the policies set out under principle 2 in Table 5). The evidence suggests that some US cities have been particularly active here, although European cities such as Nantes and Barcelona are placing greater emphasis on job quality in their employment strategies and procurement policies. UK cities have taken actions to build on here – including identification of key sectors and implementing procurement policies for social value. However, there is likely to be scope for further work with anchor institutions and for greater attention to be paid to identifying, supporting and promoting career pathways and middle-skill jobs. In an environment of greater devolution of skills funding and pressures on the amount of funding available, such funding could be targeted particularly on job opportunities offering possibilities for career development and good pay at city-region level.
- *Reducing the risk of transitions – into and within employment* – the rationale for focusing particular attention on transitions is that these are times of particular risk for individuals – and without support they might (if they are able) choose not to take a risk, or if they do take it, find the transition difficult. For example, initial in-work support (whether in terms of a mentor to turn to when problems arise or help with travel-to-work costs initially) can be crucial in sustaining employment for some individuals entering a job from non-employment. Likewise cities can play a role in facilitating opportunities for residents to contribute to society through development of infrastructure and shared platforms at municipal level for microfranchising, volunteering, etc, and through promotion of social enterprise (see principle 6). Promotion of apprenticeships and career ladders may also be thought of as promoting ‘de-risking’ of transitions. For young people at the start of their working lives and for individuals seeking mid-life career changes, careers guidance has an important role to play in providing information about opportunities available and also about pay levels and prospects for advancement.
- *Build connectivity* – greater devolution to cities, especially in relation to transport, provides more opportunity than was formerly the case for UK cities to help deliver and promote city-wide public transport systems linking homes to jobs and services. An emphasis on building connectivity has the potential to make differences to everyday lives relatively quickly. There is an important role for using data and research to understand current dynamics of movement and locations of employment centres, services and residences.

In addition to priorities involving new actions and extension of existing actions, it is imperative that cities preserve or adapt institutions and policies that have contributed to inclusive growth. It is important for cities to monitor how changes in national policies can destabilise existing provision of services – as exemplified by increasing provision of free pre-school childcare placing pressure on the viability of existing nursery education in some areas,²³ and also the pressures experienced by registered social landlords in the face of welfare reform and changes in funding arrangements in making social housing viable and so investing more resources in commercial ventures.

More generally, it is critical that city stakeholders consider growth and inclusion jointly across a range of policy domains as a matter of course, rather than in separate silos of policies that address growth and actions that address inclusion.

Notes

- 1 The review involved a search of the academic and grey literature using:
 - search engines (Business Source Premier, EconLit, Google Scholar, Scopus), and key word strings (including 'strategy', 'inclusive growth', 'city leader', 'governance', 'labour market', 'poverty', etc.)
- 2 and
 - hand searching (using the terms: inclusive / equitable growth, city / cities, labour market / employment) of key organisations: Aspen Institute, Brookings, EUKN, Eurocities, OECD and ESPON.
- 3 Communities of color is a term used in the United States to describe any people who are not white. It is used to emphasise common experiences of systemic racism.
- 4 See <https://ceosforcities.org/tag/portland>
- 5 See www.hri.fi/fi/sovellukset (in Finnish).
- 6 See www.hri.fi/en
- 7 See www.gebiedsontwikkeling.nu/artikelen/rotterdams-smart-city-planner
- 8 ECAMP <https://web1.capetown.gov.za/web1/ECAMP>
- 9 See www.centreforcities.org/data-tool/#graph=map&city=show-all
- 10 See <http://open.dataforcities.org>
- 11 See www.ufz.de/index.php?en=40459
- 12 See www.sa2020.org/progress
- 13 See www.hri.fi/fi/sovellukset (in Finnish).
- 14 Blind Square: <http://blindsquare.com>
- 15 Helsinki Urban Facts <http://www.hel.fi/www/tieke/en/Statistics-research-and-databases>
- 16 For example, the Nordic welfare model is based on high taxes, comprehensive welfare and collective bargaining, while the Anglo-Saxon welfare model (that applies in the UK and US) has a more liberal and free market orientation with lower levels of regulation and taxes.
- 17 It should be recognised that in practical terms this is not necessarily straightforward. There are questions (and the onus placed on them will be different between countries and cities) about: (1) what are the expectations for different categories of benefit claimants and how/whether are sanctions used; (2) what action should be taken if people do not meet expectations; and (3) what should be taken into account in deciding if expectations have been met.
- 18 See <http://youngfoundation.org/publications/benches-everyone-solitude-public-sociability-free>
- 19 See <http://bit.ly/2iLFOjs> (accessed 4 August 2016).
- 20 Note that the extent of powers available will differ to some degree between UK cities.
- 21 For example, through the discipline of 'space syntax' devised by University College London (see www.bartlett.ucl.ac.uk/space-syntax).
- 22 See www.lmiforall.org.uk
- 23 See www.nesta.org.uk
- 24 See www.itv.com/news/2016-09-22/30-hour-free-childcare-threatens-hundreds-of-nurseries

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